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Daily Report

East Asia

FBIS-EAS-90-208
Friday
26 October 1990

Daily Report
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Japan

Kaifu Reiterates Resolve To Enact Peace Bill

OW2610075790 Tokyo KYODO in English 0652 GMT 26 Oct 90

[Text] Tokyo, Oct. 26 KYODO—Prime Minister Toshiki Kaifu on Friday reiterated his resolve to enact the government-proposed United Nations Peace Cooperation Bill during the current extraordinary session of the Diet, which will expire on November 10.

He told a Diet special committee session that the bill is not designed to press the people to choose between peace and war. Kaifu added that participation in international peacekeeping activities without the use of force to secure efficient implementation of U.N. resolutions would enable Japan to live up to its responsibility declared in the preamble to the nation's war- renouncing Constitution.

The prime minister also said he is concerned that the public have misunderstood the contents of the bill, which is now under heated discussion in the Diet.

Kaifu was speaking at the House of Representative's special committee on the U.N. Peace Cooperation Bill in response to questions by Muneo Suzuki, a member of the ruling Liberal Democratic Party (LDP).

The main point of the bill is to create the U.N. Peace Cooperation Corps, including members of the Self-Defense Forces [SDF] who would serve in a noncombatant role, to help peacekeeping activities abroad.

Opposition parties are opposed to the planned overseas dispatch of SDF personnel, saying it runs counter to the constitutional ban on exercise of the right of collective self-defense.

Some Asian countries which were victims of Japanese aggression before and during World War II also have expressed concerns over the bill, saying they fear a revival of Japanese militarism.

Responding to questions by Seiken Sugiura, a lower house member of the LDP, Foreign Minister Taro Nakayama said he and other representatives of the government will go to Asian nations to allay their concerns over the bill if it is enacted. Nakayama also revealed a unified government view on the "small arms" which U.N. Peace Cooperation Corps members will be allowed to carry.

Nakayama promised there will be a stipulation that members of the corps will be allowed to carry only pistols and rifles.

The opposition demanded clarification of the kinds of arms to be carried by the peace corps personnel because the government-proposed bill only says that "small arms may be lent to the members of the corps."

Corps Transporting Nuclear Weapons 'Unthinkable'

OW2510122390 Tokyo KYODO in English 1138 GMT 25 Oct 90

[Text] Tokyo, Oct. 25 KYODO—The government's proposed United Nations peace cooperation corps would be able to help transport foreign troops and exchange military secrets with multinational forces in the Persian Gulf, but would stay clear of nuclear weapons, government officials said in a Diet committee session Thursday.

Foreign Minister Taro Nakayama, in defending the U.N. peace cooperation bill, said it is "unthinkable" that Japanese troops would help transport nuclear weapons if they were sent overseas to help enforce U.N. sanctions.

He declined to give assurances, however, that the government would regularly inspect cargo if the controversial bill is passed into law, enabling noncombat military personnel to support multinational troops with transport and communications services.

"It is unthinkable that (the corps) would carry nuclear weapons and we should not think about it," Nakayama told the House of Representative's special committee, recalling Japan's three nonnuclear principles not to manufacture, possess, or allow the introduction of nuclear weapons into Japan. But many Japanese believe these principles have been violated by the U.S. forces which maintain major air and naval bases in Japan.

The U.S. military has a policy of neither confirming nor denying the presence of nuclear weapons on board its ships and airplanes and the Japanese Government has a policy of abiding by this arrangement.

Pressed by Japan Socialist Party (JSP) member Toshiharu Okada to explain how Japan plans to ascertain the contents of cargoes, Nakayama said Japan would exercise its judgment on when to make inspections.

Later Shunji Yanai, director general of the Foreign Ministry's Treaties Bureau, told the session that the law does not place any restrictions on the type of cargo. Officials said there are also no restrictions on destinations but that the corps would not be ordered to conflict areas.

Yanai said that, in theory, it would be possible for the corps to exchange military intelligence with multinational troops but that he considers this unlikely. Yanai made the comment in response to a question by Komeito's Nobuaki Futami, who noted that in modern warfare communications are often a key to victory.

Prime Minister Toshiki Kaifu said that if he were to command the troops he would not include exchange of military information as one of the corps' tasks.

According to the bill, the prime minister is to assume command and all activities are to be approved by the cabinet. The law allows the dispatch of the corps to support international efforts to enforce U.N. resolutions.

Nakayama said he expects communications duties to include supporting movement of the Japanese corps itself and assistance in reconstruction of areas ravaged by war.

Officials told Tetsuzo Fuwa, chairman of the Presidium of the Japan Communist Party, that the law does not include an upper limit on the size of the corps.

The corps as depicted so far would include from 1,000 to 2,000 members of the Self-Defense Forces (SDF), public servants, and volunteers. The number of members would be decided independently by the government. SDF personnel would not be allowed to turn down overseas assignments, Fuwa was told.

Earlier in the day, Kaifu confirmed that he does not intend to press for a new interpretation of the Constitution in conjunction with the bill, a move that could pave the way for SDF members to join U.N. forces.

Kaifu told the second day of the special session that the bill and the dispatch of SDF members to join a U.N. military force, should it be formed, are two separate issues.

Before submitting the bill to the Diet last week, Kaifu indicated that he planned to introduce a new interpretation of Japan's war- renouncing Constitution that would make it possible for Japan to join international security operations that are under the command of the United Nations.

Japan's Constitution, introduced under the U.S. occupation after World War II, renounces the use of force to solve international conflicts. The government has interpreted this to allow self-defense but bar collective defense.

Nakayama said the government would send a special envoy to Asian capitals if the bill becomes law to help dispel concerns about the overseas deployment of the SDF.

Leaders in China, South Korea, the Philippines, and other countries that suffered from Japanese aggression before and during World War II have expressed concern that the law could lead to the resurgence of Japanese militarism.

Nakasone Previews Visit to Iraq; To Meet Saddam

OW2610122690 Tokyo KYODO in English 1158 GMT 26 Oct 90

[Text] Tokyo, Oct. 26 KYODO—Former Prime Minister Yasuhiro Nakasone said Friday he plans to meet Iraqi President Saddam Husayn in Baghdad next month to discuss a peaceful settlement to the Persian Gulf crisis and to secure the release of all foreign hostages.

"It is an important time," Nakasone told a news conference called to announce his planned November 1-5 visit. "If the meeting results in a rational plan to resolve the crisis without resorting to violence, I will consider discussing how to achieve it" with leaders of other countries, Nakasone told reporters.

Nakasone said he met with U.S. Ambassador to Japan Michael Armacost to explain his planned visit before the news conference, but he declined to reveal what sort of peace strategy he might propose.

Asked if he plans to take a concrete proposal to Baghdad, Nakasone responded "I don't have the qualifications or the power," although he also said he doesn't want to tip his hand before the visit. Nakasone said he preferred to make the trip in his personal capacity as a parliamentarian and former premier because he hopes to speak freely.

A visit by Nakasone has been urged by the Japanese business community in Baghdad since shortly after Japanese were taken hostage following Iraq's August 2 invasion of Kuwait. Some 350 Japanese are still being detained.

Nakasone's trip is being arranged at the invitation of a private Iraqi peace group called the Organization of Friendship, Peace and Solidarity.

Earlier in the day, Prime Minister Toshiki Kaifu said he welcomed the trip, and took credit for having opened the way for political discussions when he met with Iraq's First Deputy Prime Minister Taha Yasin Ramadan in Amman, Jordan, earlier this month.

Nakasone and Kaifu both said they hope to meet before the trip.

Foreign Ministry spokesman Taizo Watanabe said it is unlikely that Nakasone would be accompanied by Foreign Ministry officials, or carry with him a letter from the prime minister.

Nakasone's trip follows earlier visits to Iraq by former British Prime Minister Edward Heath and Austrian President Kurt Waldheim.

Nakasone cited a "shift in attitude" by Iraq and recent international developments, as well as the "panicked condition" of Japanese hostages, as reasons for accepting the invitation.

"The Japanese people will be disappointed if Japan does not play an active role in promoting peace and securing the release of hostages," he said.

Nakasone told reporters earlier in the day he hoped to leave Iraq with hostages from Japan and Western countries. Heath gained the release of 38 ailing British hostages on his visit earlier this week.

Nakasone will be traveling with a delegation from the ruling Liberal Democratic Party led by Deputy Secretary General Koko Sato.

Nakasone resigned from the LDP in spring 1989 to take responsibility for the involvement of his aides in the

Recruit scandal, which developed while he was premier from 1982-1987. Nakasone has not been charged in the scandal, which led to the resignation of his successor, Noboru Takeshita.

Ministry Links Sri Lanka Aid to Gulf Losses

OW2610110990 Tokyo KYODO in English 1035 GMT 26 Oct 90

[Text] Tokyo, Oct. 26 KYODO—Japan's pledged contribution of 38.35 billion yen in credits to Sri Lanka takes into consideration the damage caused to that country's economy by the situation in the Persian Gulf, a Foreign Ministry official said Friday.

Spokesman Taizo Watanabe told foreign correspondents the contribution could be considered as part of Japan's efforts to help not only frontline states in the Gulf, but also one of those countries which had "suffered greatly" as a result of the Gulf crisis.

Japan has set aside some 2 billion dollars in special assistance for states in close proximity to the Gulf.

On Thursday Japan pledged up to 38,353 million yen in low- interest loans for Sri Lanka at a meeting of donor nations in Paris held under the auspices of the World Bank.

Watanabe said the amount represents a hefty 27 percent increase over the 301.28 million yen in loans extended to Sri Lanka last year. He also noted that the non-project portion of the aid, which can be more quickly disbursed than other types of loans, has increased some 400 percent over the previous year's package.

The non-project portion was offered in the form of economic restructuring credits totalling up to 13.1 billion yen, officials said.

"We were very much concerned about the adverse impact on the Sri Lankan economy of the worsening situation in the Middle East," Watanabe explained.

The officials said that while the Sri Lankan loan request was received prior to the Iraqi invasion of Kuwait in early August, the complications resulting from the invasion were taken into account in deciding on the amount to be pledged this year.

Last month Sri Lankan President Ranasinghe Premadasa sent a special envoy to Japan, Industry Minister Gamini Dissanayake, who told Japanese officials that Sri Lanka estimates the Gulf situation will cost the country some 100 million dollars by the end of 1990.

The Sri Lankan economy is being strained by an increase in the price of oil, a decrease in workers' remittances from the Gulf region, costs of transporting Sri Lankan nationals home, and a decrease in export earnings owing to the embargo on trade with Iraq and occupied Kuwait.

Last month Japan contributed 12 million dollars to the International Organization for Migration (IOM), the largest contribution of any country, to help it evacuate some 29,258 Sri Lankans from the Gulf region.

India and Pakistan have also indicated their hopes for special Japanese economic assistance to offset their Gulf losses, officials said.

'Grave Concern' for U.S. Trade Bill Expressed

OW2610061290 Tokyo KYODO in English 0405 GMT 26 Oct 90

[Text] Tokyo, Oct. 26 KYODO—The Finance Ministry expressed its grave concern Friday over the U.S. House of Representatives passage of a bill calling on Japan to further open its financial services market to U.S. banks and securities houses.

Through the Fair Trade in Financial Services Act, the U.S. will seek reciprocity or "national treatment" from Japan so that American banks and securities houses are accorded the same rights and privileges as domestic firms. President George Bush is expected to sign the legislation.

"Since we feel that the bill could adversely affect the future development of financial capital markets that are assumed to be based on free competition, we find the U.S. congressional endorsement of this bill highly regrettable," said an official at the ministry's International Finance Bureau. "We're going to try to see to it that the application of this bill will not be one-sided," he added.

The Finance Ministry is particularly miffed at U.S. moves to target Japan and not the European Community (EC).

The ministry is further worried that the U.S. may ask Japan to provide U.S. firms with more than equal opportunity to compete and earn profits, he said.

"Now that legislation of the bill appears imminent, we'll just have to keep our fingers crossed and hope that all our fears do not materialize," said a top-ranking ministry official, who asked anonymity.

Japanese financial institutions voiced concern that the bill, if enacted, may thwart their attempts to make further inroads into the U.S. market.

"We may be forced to reconsider our current strategies of entering the U.S. market," said an official with a leading commercial bank.

Regional banks, which have fallen behind commercial banks in their bid to enter the U.S. market, will be particularly hard hit by the action, industry sources said. The banks have been voluntarily restraining the establishment of branches in the U.S. in response to a backlash against the growing presence of Japanese-owned businesses in the U.S. The banks claim that the implementation of retaliatory measures will further hamper their plans to open up branches in the U.S.

Passage of the bill will also hinder their plans to expand into the brokerage business, including bond underwriting.

Both regional and commercial banks insist that U.S. banks are not being discriminated against in Japan, the sources said.

Japanese banks plan to appeal to the Finance Ministry to ensure that their views are taken into consideration before the U.S. determines in December whether Japan's practices are unfair to foreign financial firms.

EC Dissatisfied With Tariff Cut Proposal

OW2610121390 Tokyo KYODO in English 1149 GMT 26 Oct 90

[Text] Tokyo, Oct. 26 KYODO—The European Community (EC) on Friday expressed strong dissatisfaction of Japan's recent proposal to cut tariffs, pointing out it does not include leather products or some chemical products, government officials said.

The EC made its complaint about Japan's tariff-slashing offer on the second of two days of a top-level bilateral meeting exchanging views over a wide range of subjects, officials of the Ministry of International Trade and Industry (MITI) said.

Japan has offered to scrap tariffs on 3,210 industrial products related to the current multilateral trade talks under the General Agreement on Tariffs and Trade (GATT). But the EC is apparently not happy about the proposal since it does not include leather shoes, which has been one of the three target products in the EC's calls for Japan's opening of markets.

The EC officials repeated their demand that Japan should greatly improve access to its markets for processed food, fish, leather shoes, and other leather products. They made the same request at a meeting on Thursday.

On the issue of economic assistance to East European countries, Horst Krenzler, director general of external relations at the EC Commission, said the EC plans to extend its trade cooperation accords to other countries in the region. The move is intended as part of efforts to establish a comprehensive pact that will lead to a free trade market for 500 million people and will encompass all of Europe, the MITI officials quoted Krenzler as saying.

EC: Trade Talk 'Far From Being Satisfactory'

OW2610121490 Tokyo KYODO in English 1200 GMT 26 Oct 90

[Text] Tokyo, Oct. 26 KYODO—Negotiations on liberalization of Japan's food, fish and leather markets were "far from being satisfactory," a chief negotiator for the European Community (EC) said at the conclusion of annual bilateral trade talks here Friday.

Horst Bunter Krenzler, director general of external relations at the EC Commission, said progress in the two-day meeting could be measured in "millimeters," against the "meters and kilometers" expected by the EC. He said achieving progress is important in order to preserve and improve the general climate of EC-Japan relations, and that failure would allow trade tensions to grow to such a degree that they could spill over into other areas of cooperation.

After a ministerial meeting in Brussels in May, Japan and the EC agreed to hold meetings on bilateral trade to eliminate the EC's 25 billion dollar annual trade deficit with Japan.

In this week's meeting, the EC called in particular for freer markets for processed food, marine products, and leather and leather footwear.

Speaking to the press at the end of the working group talks, Krenzler carefully avoided linking the meeting directly with the issue of Japanese car sales in the EC, another irritant in trade between the two sides. He said, however, that the issues discussed at the meeting affect general bilateral relations, which "certainly include" the auto issue.

According to the EC chief negotiator, the Japanese side, led by Deputy Foreign Minister Koji Watanabe, took a careful attitude during the meeting.

The two sides agreed to make further efforts and to bring the problems to the Uruguay round of multilateral trade talks being held under the auspices of the General Agreement on Tariffs and Trade (GATT). The two sides also agreed to hold bilateral negotiations if those efforts fail, Krenzler said.

Krenzler said the EC believes it could substantially reduce its trade deficit with Japan if obstacles to market access were lifted in the three areas covered in the talks. These areas are strongly protected by the Japanese Government and are difficult to penetrate, he said.

Tarrifs on cheese in Japan, for instance, are very high at about 35-40 percent and Japan allows only around 4 percent import penetration of its leather shoe market, Krenzler pointed out.

The EC now exports about 2 billion dollars worth of marine products to Japan, but it believes this figure could be doubled.

Exports of leather shoes, currently about 90 million European currency units (about 122 million dollars), would jump to the 500 million Ecus (680 million dollars) level if tariffs were reduced and import quotas completely abolished, he said.

Ministry 'Increasingly Concerned' by Burma Events

OW2610090790 Tokyo KYODO in English 0843 GMT 26 Oct 90

[Text] Tokyo, Oct. 26 KYODO—The Myanmar [Burmese] Government should transfer power in a "prompt and smooth manner" to the opposition National League for Democracy (NLD), which won the general elections held in May, a Foreign Ministry official said Friday.

"Japan is increasingly concerned about the present situation," spokesman Taizo Watanabe told foreign correspondents. He called on Myanmar to "fully respect the results of the general elections and take a sincere attitude toward the realization of the prompt transfer of power so that democracy will be restored in the country."

"The environment for such a transfer of power, however, seems more and more precarious," Watanabe said, noting that the Myanmar Government has announced no concrete steps toward that end and has detained a number of the few NLD leaders who were not already being held.

Officials said Watanabe was referring to information received by the Japanese Embassy in Myanmar's capital of Yangon that the government has in the past few days detained some members of the NLD, though the arrests have yet to be announced.

NLD sources told KYODO NEWS SERVICE on Thursday that the military junta arrested five members of the NLD's Central Executive Committee and seven other party members between Tuesday [23 October] night and Wednesday morning. Only four members of the Central Executive Committee are believed to be still at large.

Watanabe's remarks followed a Foreign Ministry statement issued September 11 in the wake of the Myanmar Government's detention of acting NLD leader Kyi Maung and five other senior party members.

The League's two main leaders have been under detention since 1989. Aung San Suu Kyi has been under house arrest since July 1989, while Tin Oo was sentenced to three years in prison last December.

Questioned on aid policy toward Myanmar, Watanabe reiterated Japan's stance of not extending any new aid to the Southeast Asian country, while continuing to carry out aid projects pledged in the past.

Japan has been the largest donor of aid to Myanmar, having disbursed some 260 million dollars worth in 1988. Japanese aid accounted for 71.5 percent of all economic assistance received by Yangon in 1987. Japan suspended its aid in concert with other major donor nations in the fall of 1988 over human rights violations, but unilaterally resumed work on existing aid projects in March 1989.

Business Urges SRV To Develop Infrastructure

OW2510122290 Tokyo KYODO in English 1110 GMT 25 Oct 90

[Text] Tokyo, Oct. 25 KYODO—Japanese business leaders on Thursday urged Vietnam to speed up infrastructure development to attract investment from Japanese firms. Business executives made the request to visiting Vietnamese Deputy Premier and Foreign Minister Nguyen Co Thach at a meeting hosted by the Federation of Economic Organizations (Keidanren), a powerful business organization.

A Keidanren official quoted an executive of trading company Nissho Iwai as "frankly" telling Thach in a closed-door session to speed up infrastructure development, or Japanese companies would be reluctant to invest.

Thach said Vietnam is now studying the possibility of receiving financial aid from the World Bank or the International Monetary Fund (IMF). He said a request for Japan's mediation in receiving funding was viewed positively by Japanese Government officials.

Thach said Vietnam will start a new five-year economic plan from fiscal year 1991, which will promote infrastructure development and export policies. He said the plan will be "something different" from earlier ones, as it "would be linked to the world economy," the Keidanren official said.

Vietnam's annual inflation rate fell from 1,000 percent in 1988 to 40 percent last year, Thach was quoted as saying. He said Vietnam would like to double its gross national product (GNP) in 10 years. The national plan also envisages improvements in agriculture, and increased production of daily necessities and light industry goods, he said.

A senior executive from the Bank of Tokyo referred to unpaid loans extended by Japanese private banks and urged the problem to be solved, the official said.

A Foreign Ministry official said a 10 billion yen government loan has not been repaid, and private banks started to extend loans shortly after the current Vietnamese Government was established, totaling "maybe more" than official lending.

Thursday's Keidanren luncheon was attended by senior management officials from about 30 of Japan's leading financial, trading, manufacturing, and construction companies

Thach invited the Japanese economic leaders to visit Vietnam soon, the Keidanren official said. He said the Japanese economic leaders were willing to invest in Vietnam but were still cautious. The Japanese agreed to promote and improve the bilateral economic relationship, the official said.

Dissidents Urge Pressure on Nguyen Co Thach

OW2510140990 Tokyo KYODO in English 1307 GMT 25 Oct 90

[Text] Tokyo, Oct. 25 KYODO—A group of Vietnamese dissidents in Japan on Thursday called on Foreign Minister Taro Nakayama to press visiting Vietnamese Foreign Minister Nguyen Co Thach to democratize their nation.

The request was contained in a letter handed to a Foreign Ministry official by Ho Quoc Buu, head of the Japan branch of the Movement for Vietnam's Freedom and Democracy, allied with Vietnamese dissident movements in several Western countries.

The letter called on Nakayama to press Vietnam to repeal oppressive laws and regulations, disband the secret police, respect human rights, introduce political pluralism, and hold open elections to select national leaders.

The group drew attention to the decision of a Vietnamese court in Hanoi earlier this month to charge 38 people with treason. It said the 38 were part of a movement seeking freedom and democracy.

But Hanoi has said the Vietnamese were part of an original group of 68 armed saboteurs, recruited by a California-based Vietnamese group and assisted by Thai intelligence, which were caught trying to infiltrate Vietnam through Laos in a bid to topple the communist government.

Nakayama is scheduled to hold talks with Thach on Saturday. Thach is the first Vietnamese foreign minister to pay an official visit to Japan in 12 years, though he came unofficially in 1984.

The dissident group claimed in its letter to speak for about 5,000 ethnic Vietnamese living in Japan.

Foreign Ministry officials said as of the end of last August 4,795 Vietnamese refugees have been resettled in Japan, including some 30 who have become naturalized Japanese citizens. There are also some 990 Vietnamese seeking asylum, they said.

Timing of Establishing Ties With DPRK Viewed

OW2410181390 Tokyo KYODO in English 1417 GMT 24 Oct 90

[Text] Tokyo, Oct. 24 KYODO—Japan could normalize diplomatic relations with North Korea as early as next year, Makoto Tanabe, vice chairman of the leading opposition Japan Socialist Party (JSP), said Wednesday.

Tanabe and Shin Kanemaru, former deputy prime minister and an influential member of the ruling Liberal Democratic Party (LDP), led a mission from their two parties to Pyongyang in late September to pave the way for the first intergovernmental talks to establish diplomatic ties in November or December.

Tanabe, giving a lecture in Tokyo on Japan-North Korea relations, said he has received indications of a major change in North Korean policy toward Japan before his visit to Pyongyang. Information from China and other Asian nations, as well as from North Korea itself, indicated Pyongyang's strong willingness for a rapid rapprochement with Tokyo, Tanabe said.

Tanabe said his meeting with Soviet Foreign Minister Eduard Shevardnadze also gave him the impression that North Korea may be changing. Regarding the timing of normalization, Tanabe said, "It will occur faster than expected," but did not say specifically.

Japan, which ruled the Korean peninsula as a colony from 1910 until it lost World War II in 1945, established diplomatic relations with South Korea in 1965 but has not done so with the North.

The JSP has been serving as a bridge between Japan and North Korea.

Tanabe said the government should take an active role in promoting trade between the two nations.

On the issue of compensation to North Korea, Tanabe said the government should look to its settlement with South Korea as a precedent. Japan extended 500 million dollars in economic assistance to South Korea by way of compensation for its colonial rule.

Kanemaru's LDP, Tanabe's JSP and the (North) Korean Workers Party, issued a joint declaration in Pyongyang on September 28, urging for intergovernmental talks on normalization of ties.

The joint declaration said, "The three parties consider that Japan should fully and officially apologize and compensate to the Democratic People's Republic of Korea (North Korea) for the enormous misfortunes and miseries imposed upon the Korean people for 36 years and the losses inflicted upon the Korean people in the ensuing 45 years after the war."

There are voices of opposition in Japan to the proposed Japanese compensation of North Korea's losses in the 45-year postwar period.

Soviet Union Orders 105,000 Tons of Steel Pipe

OW2610080090 Tokyo KYODO in English 0657 GMT 26 Oct 90

[Text] Tokyo, Oct. 26 KYODO—Nippon Steel Corp. said Friday that four Japanese steelmakers including itself have received an order from the Soviet Union for 105,000 tons of seamless steel pipe, to be shipped between next January and March.

The order is from Promsyrioimport, a state-run corporation for the export and import of industrial raw materials, Nippon Steel officials said. They said the export of steel pipe to the Soviet Union had been suspended for a while until recently due to delays in payment. Exports resumed after partial payment was received in late September, they added.

The fresh order is the first one in seven months. Most of the order is for oil-well pipe, for which a 10 percent price increase has reportedly been agreed.

The officials expect the Soviets to pay through a letter of credit to be issued by their country's Bank of Foreign Economic Affairs.

BOJ Governor 'Confident' in Nation's Economy

OW2510082890 Tokyo KYODO in English 0757 GMT 25 Oct 90

[Text] Tokyo, Oct. 25 KYODO—Bank of Japan Governor Yasushi Mieno said Thursday despite lingering oil jitters and inflationary pressure, he is confident Japan's economy will not face a slowdown at least until the end of the year.

Mieno, speaking after a three-day meeting of the bank's branch managers, also said, however, that the central bank would always have to keep a watch for any signs of inflation stemming from the tightening labor and product markets.

The bank's governor noted that while there has been little movement among corporations to take advantage of higher oil prices by raising prices in other sectors the supply-demand situation in manpower and manufactured goods markets has become increasingly tight.

The brisk Japanese economy, now in its 47th month of uninterrupted growth, will continue to remain healthy and its foundation appears strong, Mieno said.

"And as a whole, corporations remain prudent in setting prices for their products," Mieno told reporters after completing the three-day hearing on the regional economic situation from branch managers across the country.

Assessing the effects of the latest fifth hike in the official discount rate in late August, Mieno said that the favorable impact of higher interest rates in cooling off the booming economy is beginning to emerge. He said higher interest rates have averted a further rise in real estate prices, as well as bringing about a more cautious lending attitude by financial institutions.

Mieno said the central bank will continue closely watching how the higher interest rates filter into the overall economy.

"I believe there is still room for the effect of the rate hike to bring a (favorable) impact," he said.

Commenting on the recently volatile foreign exchange markets, Mieno said he had the impression that the markets are becoming more concerned about the rapid rise of the yen against the U.S. dollar.

"I expect market movements to regain stability by ensuring currency values in accordance with each country's fundamental economic strength," he told reporters.

Mieno, meanwhile, said he believes small to medium-scale firms will not be damaged particularly by the recent slump in the stock market and higher interest rates, despite the widespread view to that effect.

On a recent spate of irregularities involving Japanese banks, he said the central bank will step up guidance and surveillance to help ensure better management in the banking business.

'Integrated Services Digital Network' Installed

OW2610080990 Tokyo KYODO in English 0744 GMT 26 Oct 90

[By Mitsuru Mabuchi]

[Text] Tokyo, Oct. 26 KYODO—Every week, stacks of floppy disks are surreptitiously brought into Seven-Eleven Japan Co.'s Tokyo Headquarters. The data on the disks—containing about 100 million pieces of information collected from the point-of-sale (POS) terminals at Seven-Eleven's 4,100 convenience stores nationwide—is processed by high-power computers to nail down the latest market needs.

The information is fed back to the store owners to help boost sales of over 3,000 items of goods on the store shelves. But the weekly ritual will soon become history since the company plans to install a new nationwide intelligent phone network to connect all the outlets with high-capacity digital lines, which will offer a real-time finger-tip access to the information in the central computers.

Seven-Eleven expects its 2.4 billion yen investment in the so-called "integrated services digital network (ISDN)" will help ensure its leadership in the information-oriented chain-store business. ISDN, a system for funneling all kinds of digitized voice, data, and video traffic through a single optical fiber line, features a large capacity for data transmission. Even the lesser 64-kilobit ISDN can, for instance, send 4,000 Chinese characters per second, 30 times faster than the current analog system.

"Placing wise orders is the long and the short of the retail business. For a large chain operation like us, that requires a system to collect, process, and feed back a huge amount of information with lightning speed," says Hidetoshi Akiyama, the Seven-Eleven public relations manager. "ISDN is the core component of such a system," he said.

In every business field where the strategic information system—known as SIS—is assuming increasing importance for corporate management, Japanese companies are rushing to install ISDNS to gain an edge over their rivals.

Seven-Eleven will complete the world's largest in-house ISDN network with 4,400 lines by next spring.

"Skimping on the money for buttressing your information system means you are a goner in this business," Akiyama said. The investment in the digital system is also expected to give the firm a solid footing for entering new fields, such as ticket reservations, database services, and credit services.

Seven-Eleven is not alone in lining up billions of yen for undergirding its information fabric with ISDN lines.

Dai-Ichi Mutual Life Insurance Co. plans to reweave its information network with an ISDN to streamline its marketing activities. By connecting its 2,400 branches with a 4,000-line ISDN, the firm aims to establish an on-line information architecture to electronically transmit a vast amount of market information it now sends by mail.

The system will also provide its 70,000-strong saleswoman squad with a real-time access to the customer information vital to their marketing drive.

"The new system may make only the difference of several days, but that distinguishes the winners from losers in the field. I expect that other insurance companies will follow suit," said Hiroshi Asahina, staff manager of the firm's computer system department.

Another financial giant, Nomura Securities Co., has set out to construct a video conference and superfast facsimile network to link its 140 branch offices with an ISDN.

Responding to growing business demand, Nippon Telegraph and Telephone Corp. (NTT), the telecommunications giant controlling the entire ISDN market, is rapidly expanding its service area. By next March, NTT will offer ISDN service in 1,100 urban areas in Japan, up from 195 last March.

The user base of the NTT's INS-net 64 is projected to jump to 30,000 lines by next March, and further rocket to 750,000 lines by 1994 from the current 13,000. The company is shelling out 500 billion yen, or about 8.6 percent of its annual sales, every year to digitize links among major cities in four years.

"The market has expanded much faster than we expected," said Tadao Mozumi, general manager of NTT's ISDN Development and Promotion Department. But NTT is training its sights on even more ambitious technological innovation.

By 1995, it plans to launch broadband networks, which will move 100 million or more bits of data per second, or 70 times faster than today's fastest ISDN circuits. These lines can transmit moving images for full-motion video conferences or high-definition television.

NTT's recent announcement of successful development of the world's first experimental broadband ISDN system undoubtedly augurs a dazzling technological future of digital telecommunication, and adds another, potentially more impactful, high-tech twist to the race among companies to build up their strategic information system for the 21st century.

Mongolia

Leaders Greet Gorbachev on Nobel Prize Award

OW1810103490 Ulaanbaatar International Service in English 0910 GMT 18 Oct 90

[Text] President of Mongolia Punsalmaagiyn Ochirbat and chairman of the Mongolian People's Revolutionary Party Central Committee, Gombojabyn Ochirbat, have greeted Soviet President and Communist Party leader Gorbachev on his awarding with the Nobel Prize of 1990. The people of Mongolia welcome this award of honor as a graphic demonstration of the recognition by the world public of the Soviet president's contribution to radical improvement of the international situation, normalization of East-West relations, consolidation of trust, mutual understanding, and cooperation among nations, says the message of greetings of the Mongolian leaders.

MPRP Presidium Discusses Economic Policy Shift

OW2510110490 Ulaanbaatar International Service in English 0910 GMT 25 Oct 90

[Text] A meeting of the Presidium of the ruling Mongolian People's Revolutionary Party [MPRP] Central Committee has been held in Ulaanbaatar. It discussed the party's position on the current economic policy of transition to market economy.

The Presidium of the Party Central Committee has decided to work out, in the nearest future, principles and guidelines of party policy of switching over to market economy and submit it for government consideration.

President Chairs Constitution Elaboration Meeting

OW2110114090 Ulaanbaatar International Service in English 0910 GMT 19 Oct 90

[Text] The commission on the elaboration of the Constitution of the Mongolian People's Republic held a sitting under the chairmanship of President Punsalmaagiyn Ochirbat. Speaking there, the president defined the longevity of one of the basic characteristics of the future constitution. (?We) have been informed of the creation of working groups on the elaboration of the draft constitution, which is expected to be thoroughly discussed by the State Small Hural and approved by the Great People's Hural by the end of 1991.

Presidential Council of Scholars Holds Meeting

OW2110104690 Ulaanbaatar International Service in English 0910 GMT 20 Oct 90

[Text] The Council of Scholars of president of Mongolia has held its first meeting. Opening it, President Punsalmaagiyn Ochirbat noted that until now the state decisions have been based on views of the apparatus and from now he is intended to widely involve scientific forces in working out state policies.

Members of the council have determined the guidelines of their activities.

President Asks Observance of National Traditions

OW1710130890 Ulaanbaatar International Service in English 0910 GMT 17 Oct 90

[Text] The appeal of president of Mongolia, Punsalmaagiyn Ochirbat, was published in press. The president calls for a turning back to national culture of face to face communication, clemency to each other and every living being. The observance of national traditions fully corresponds with the spirit of the present and future times, notes the appeal.

The president called upon the youth to cherish the national cultural heritage, learn it, and learn to combine study, labor, and folk traditions in their life.

Students Union Petitions Government

OW1810122990 Ulaanbaatar International Service in English 0910 GMT 18 Oct 90

[Text] The Mongolian Students Union has handed a petition over to the Mongolian Government in connection with the information about student strikes during harvesting campaign supplied by the Union of Mongolian Livestock Breeders and Land Farmers. The Students Union views the information unobjective and blames the latter in developing artificial contradictions between students and rural inhabitants. The Students Union defines this action as an attempt to (?check) an easy political prestige. Alongside with the petition, the Students Union has made public a statement concerning the [words indistinct] strikes.

Officials To Comment in New Television Service

OW1810122890 Ulaanbaatar International Service in English 0910 GMT 18 Oct 90

[Text] Mongolian television started a new service under the heading "Minister's Tribune" in which members of the new government share their views about the present state of affairs of the given branch and their plans for the future.

The new program was opened by Education Minister Urtnasan. Speaking about making radical changes in educational sphere, he singled out the elaboration of a general conception, restoration of the national Mongolian vertical script, concessions to paid professional education, and independence of educational institutions.

North Korea

Conference on Founding DCRK Held in Paris

SK2610064190 Pyongyang KCNA in English 0623 GMT 26 Oct 90

[Text] Pyongyang October 26 (KCNA)—A World Conference for One Reunified Korea by Means of Founding the Democratic Confederal Republic of Koryo [DCRK] was held in Paris on October 21 and 22 under the sponsorship of the International Liaison Committee for the Reunification and Peace of Korea (CILRECO).

The conference was attended by honorary chairmen of the CILRECO Francisco da Costa Gomes, ex-president of Portugal; Willy Burgeon, member of the bureau of the Belgian Socialist Party and chairman of the Vallon District Council of Belgium; Roger Dafflon, former mayor of Geneva and member of the Political Bureau of the Central Committee of the Workers' Party of Switzerland; and George Pattas, retired general of Greece and chairman of the Western European Committee for the Reunification and Peace of Korea; and vice-chairmen of the CILRECO, delegations and delegates of 110 governments, parliaments, political parties, public organizations and organizations for solidarity with the Korean people, figures of different circles from 79 countries and representatives of seven international organizations.

Figures of political, public and the press circles of France and foreign correspondents in Paris were also present.

Participating in the conference were a delegation of the Workers' Party of Korea [WPK] headed by Kim Yong-sun, secretary of the WPK Central Committee, a delegation of the South Korean National Democratic Front and a delegation of the General Association of Korean Residents in Japan (Chongnyon).

Kim Yong-sun read out a message of greetings sent by the great leader President Kim Il-song to the conference.

Introduced there were messages of greetings to the conference from political parties and public organizations and individual figures of many countries.

Guy Dupre, secretary general of the CILRECO, made a report on the first agenda item "On the Review of the International Solidarity Movement Supporting Korea's Reunification Through the Founding of the DCRK and the Future Tasks" and Willy Burgeon, honorary chairman of the CILRECO, member of the bureau of the Belgian Socialist Party and chairman of the Vallon District Council of Belgium, made a report on the second agenda item "On the Future Tasks for Intensifying International Pressure To Pull Down the Concrete Wall Built in South Side's Area and Realise Free Travel and Complete Opening Between the North and the South."

The head of the WPK delegation made a speech at the conference.

Speeches were also made by delegates and figures of many countries.

The speakers said that the proposal for founding the DCRK advanced by the great leader Comrade Kim Il-song is a fair and realistic one acceptable to the North and the South, stressing that there is no other way but to reunify Korea in accordance with this proposal.

They said that the United Nations and any country must not do acts obstructive to Korea's reunification but positively help it.

A letter to the great leader President Kim Il-song and a letter to dear Comrade Kim Chong-il were adopted at the conference.

It also adopted a letter to the governments, parliaments, political parties, public organizations and solidarity organizations of all countries of the world and international organizations, a letter to the U.N. secretary general, a letter to the U.S. Government and Congress and a letter to the South Korean authorities.

A resolution was also adopted.

A performance was given by the Paris People's Chorus on the evening of October 21 on the lapse of 10 years since the proposal for founding the DCRK was advanced.

There was a news briefing on October 22 upon the successful conclusion of the conference.

Adopts Resolution

SK2610062990 Pyongyang KCNA in English 0610 GMT 26 Oct 90

[Text] Pyongyang October 26 (KCNA)—A resolution was adopted at the World Conference for One Reunified Korea by Means of Founding the Democratic Confederal Republic of Koryo held in Paris.

The resolution says:

Expressing deep understanding of and full support to the ardent desire of the Korean people to make the 1990s a decade of reunification and believing that the termination of Korea's division will immediately be a decisive contribution to the cause of peace, the conference holds as follows:

1. It is an indispensable requisite for the peaceful reunification of Korea to ease tensions and guarantee peace on the Korean peninsula.

The conference laid emphasis on the concrete steps to ease tensions and create a peaceful climate for the reunification on the Korean peninsula—the adoption of a nonaggression declaration between the North and the South of Korea, the conclusion of a peace agreement between the DPRK and the United States, a drastic reduction of armed forces in the North and the South, the withdrawal of U.S. troops and nuclear weapons from South Korea, a halt to all the military actions such as "Team Spirit" and the creation of an atmosphere favourable to peace on the Korean peninsula.

The conference strongly demands that the United States and the South Korean authorities accept the proposal of the DPRK for tripartite talks to lay preconditions for the peaceful reunification of Korea and provide a guarantee of durable peace in Korea in keeping with the current international trend and the desire of mankind.

2. To pull down the barrier of division and realise free travel and complete opening between the North and the South is a fundamental condition for national reconciliation and unity of the Korean people and Korea's reunification.

If the South Korean authorities are really interested in the reunification, they must take such concrete steps as abolishing the anti-democratic evil laws including the "National Security Law" and releasing the arrested democratic figures.

3. To create an international climate for the self-determined, peaceful reunification of Korea is all the more necessary because the division of Korea and the cause of its continuation are attributable to the interference and machinations of outside forces and historically linked to the international relations .

The United States, as a party directly responsible for the Korean question, must renounce its unjustifiable "two Koreas" policy and play a positive role in solving this question in the interests of the Korean people and the world people.

The United Nations must reject the separate entry of the North and the South of Korea into the U.N. and create a favourable condition for Korea to enter the U.N. as a reunified state.

4. The conference affirmatively appraised the proposal of the DPRK to jointly enter the United Nations with one seat in case the North and the South should enter it before Korea is reunified.

5. Democratization of the South Korean society is a legitimate demand of the South Korean people and an indispensable factor for the independent and peaceful reunification of Korea.

The conference expresses active solidarity with the "South Korean National Democratic Front," the "National Council of Student Representatives," the "Coalition for National Democratic Movement," and the "National Council of Trade Unions" and other organizations, people of all segments, students and democratic figures in their courageous struggle for sovereignty, democracy and the reunification of the country even in the teeth of continued harsh suppression.

6. The conference hailed the opening of the North-South high-level talks and considered it necessary to realize wide-range dialogues between all the political and social forces of the Korean nation.

The conference reaffirmed that Korea is one and must be reunified independently and peacefully at an early date in accordance with the proposal for founding the DCRK.

The conference appeals to the governments, parliaments, political parties, social organizations and solidarity organizations of all countries in the world, international organizations and all the people of the world who love justice and peace to strengthen still further the international solidarity in support of the peaceful cause of justice of the Korean people for the independent and peaceful reunification of the country.

Adopts Letter to UN Leader

SK2610053790 Pyongyang KCNA in English 0518 GMT 26 Oct 90

[Text] Pyongyang October 26 (KCNA)—A letter to Javier Perez de Cuellar, secretary general of the United Nations, was adopted at the World Conference for One Reunified Korea by Means of Founding the Democratic Confederal Republic of Koryo held in Paris.

The letter expressed deep apprehensions over the moves for permanent division in which the U.S. and the South Korean authorities are engaged to legalize the existence of "two Koreas" in the international arena.

If the North and the South enter the U.N. separately, it will render the state of Korea's division more acute, the letter says, and continues:

In view of the desire of the Korean people for the independent reunification of the country, we hope that one reunified Korea will enter the United Nations. But, in case the U.N. membership question is raised before reunification, the two sides should join the U.N. with one seat through agreement between the sides.

We consider that the U.N. which assumes a noble mission to safeguard peace and justice should help fairly solve the Korean question in a peaceful way and not allow itself to be used as a theatre for another purpose.

We urge the United Nations to immediately take practical measures for replacing the Korean Armistice Agreement with a peace one and pulling the U.S. troops and nuclear weapons out of South Korea in accordance with the resolution adopted at the 30th Session of the United Nations General Assembly.

We consider that in order to open a decisive phase in realising Korea's reunification, free travel and complete opening must be realized between the North and the South, and to this end, all the obstacles in the way of Korea's reunification be removed.

The attitude of the South Korean authorities who refuse to pull down the concrete wall built in the area South of the military demarcation line [MDL], while denying its existence, is a grave obstacle that must be removed as soon as possible.

Hence, we urge the United Nations to positively accept the request of the International Liaison Committee for the Reunification and Peace of Korea to dispatch a fact-finding team whose mission is to confirm in both side's areas the concrete wall along the MDL, and take necessary measures in accordance with the results of the investigation.

Adopts Letter to Governments

SK2610053190 Pyongyang KCNA in English 0509 GMT 26 Oct 90

[Text] Pyongyang October 26 (KCNA)—A letter to the governments, parliaments, political parties, social organizations and solidarity organizations of all countries and international organizations was adopted on October 22 at the World Conference for One Reunified Korea by Means of Founding the Democratic Confederal Republic of Koryo held in Paris.

The participants in the conference considered that the proposal for founding the DCRK is a realistic and fair proposal that makes it possible to solve the question of Korea's reunification in a peaceful way, the letter says, and continues:

We consider that in order to achieve Korean reunification at an early date through confederation, it is necessary to fully support the five-point policy of national reunification laid down by President Kim Il-song at the First Session of the Ninth Supreme People's Assembly of the Democratic People's Republic of Korea.

We hold that if the peaceful reunification of Korea is to be achieved through the realization of the proposal for founding the DCRK, a durable peace should be ensured on the Korean peninsula and consider that to this end it is most important to create conditions for it.

Therefore, we expressed full support for the disarmament proposal put forward by the DPRK in May this year for an immediate stop to the "Team Spirit" joint military exercises which have been staged every year, the adoption of a nonaggression declaration between the North and the South of Korea, signing of a peace agreement between the DPRK and the USA, drastic arms reduction of the North and the South and withdrawal of the U.S. forces and nuclear weapons from South Korea.

The conference expressed satisfaction over high-level talks arranged between the North and the South and pressed apprehensions for many obstacles still lying in the way of North-South dialogue.

The conference called on all the forces of the world which love justice and peace to put a worldwide, stronger pressure upon the South Korean authorities to show an affirmative stand towards the dismantlement of the concrete wall, the abolition of the "National Security Law" and the realisation of free travel and complete opening.

It also paid attention to the DPRK's position that Korea should enter the United Nations as a unified state and if the North and the South are to join the U.N. before reunification, they must share the same seat.

It manifested the hope that the U.N. member nations will pay deep attention to these questions and positively contribute to the peaceful settlement of the Korean question.

We express the expectation that for the promotion of the independent and peaceful reunification of Korea the governments, parliaments, political parties, social organizations and solidarity organizations of all countries and international organizations will actively turn out in the movement for supporting the Korean people's cause of peaceful reunification in accordance with the proposal for founding the DCRK.

Report to Conference Cited

SK2610104990 Pyongyang KCNA in English 1022 GMT 26 Oct 90

[Text] Pyongyang October 26 (KCNA)—Guy Dupre, secretary general of the International Liaison Committee for the Reunification and Peace of Korea, made a report on the first agenda "On the Review of the International Solidarity Movement Supporting Korea's Reunification Through the Founding of the Democratic Confederal Republic of Koryo and the Future Tasks" at the World Conference for one reunified Korea by means of founding the DCRK held in Paris.

The great leader President Kim Il-song put forward the proposal for founding the DCRK at the Sixth Congress of the Workers' Party of Korea in October 1980 and thus opened a bright prospect for the reunification of Korea.

Noting that an international solidarity movement supporting the cause of peaceful reunification of Korea has been constantly strengthened and developed in the past 10 years since this proposal was advanced, the reporter said:

In the past decade more than 100 support committees and solidarity organisations have been formed and, as a result, today the number of these committees and organisations which are active for peace and reunification of Korea in normal relations with the International Liaison Committee reached more than 320 in over 80 countries.

And with the formation of the Latin American and Caribbean Regional Committee for Supporting the Reunification of Korea, the African Regional Committee of Friendship and Solidarity with the Korean People, the Liaison Committee of the Pacific Region for the Independent and Peaceful Reunification of Korea, the Western European Committee for the Reunification and Peace of Korea, and other regional organisations, regional and continental cooperation and coordination have been considerably improved among support committees and solidarity organisations.

The achievements made in strengthening the solidarity movement are that solidarity steps to support the Korean people in their struggle for peace and reunification of the country have been taken continuously in all countries.

More than 15,000 solidarity steps were taken in some 150 countries and over 50 international organisations last year.

In particular, the campaign launched by the international liaison committee after proclaiming 1987 a "year of international solidarity with Korean people" was a most significant movement.

A great many political and public figures of all strata from more than 120 countries participated in the signature campaign held worldwide with this campaign as an occasion in close cooperation with more than 20 main international organisations and their number is over one billion.

The prevailing situation calls more urgently than ever before upon governments, political parties, public and solidarity organisations and people of all walks of life of all countries and international organisations to conduct more positive activities in firm unity for the independent and peaceful reunification of Korea in accordance with the proposal for founding the DCRK, the reporter noted, referring to the measures for it.

He said: What is important in our future activities is to demand the withdrawal of the U.S. troops and nuclear weapons from South Korea, the chief obstacle to the reunification and peace of Korea.

We should by all means and methods put international pressure on the United States to completely withdraw its troops, nuclear weapons and all other armaments from South Korea and stop the "Team Spirit" joint military exercises, the nuclear war manoeuvres, from next year.

We should strive to arouse the world public opinion to make the United States respond to the tripartite talks involving the North and South of Korea and the United States so that the tripartite talks may be held to adopt a non- aggression declaration between the North and the South and sign a peace agreement between the DPRK and the United States.

The high-level talks are currently under way between the North and the South, but the United States and the South Korean authorities do not cease to scheme to legitimize the existence of "two Koreas" internationally.

We should help the governments of all countries to clearly understand the separatist essence of South Korea's "formula of unilateral U.N. membership" and check and frustrate it.

We should direct efforts to the movement for the release of the South Korean patriots who are kept in jail including coed Yim Su-kyong and Father Mun Kyu-hyon.

We propose to vigorously conduct in an unprecedented scale the international solidarity movement supporting the reunification of Korea in all countries till 1995, the 15th year since the proposal for founding the DCRK was advanced.

Kim Il-song Receives Letter

SK2610050790 Pyongyang KCNA in English 0456 GMT 26 Oct 90

[Text] Pyongyang October 26 (KCNA)—The great leader President Kim Il-song received a letter from the World Conference for One Reunified Korea by Means of Founding the Democratic Confederal Republic of Koryo held in Paris, France.

The participants of the conference consider that the most realistic and fair best way of achieving the peaceful reunification of Korea is to realise at an early date the proposal for founding the democratic confederal republic of Koryo advanced by President Kim Il-song in his report to the 6th Congress of the Workers' Party of Korea, the letter says, adding:

They also expressed full support to the five-point policy of national reunification put forward by President Kim Il-song at the 1st Session of the 9th Supreme People's Assembly in order to achieve peace on the Korean peninsula and its reunification as early as possible in accordance with the proposal for founding the DCRK. It points out that the participants of the conference decided to send to the United States and the South Korean authorities letters calling upon them to come out to the tripartite talks and bilateral negotiations to adopt a non-aggression declaration between the North and the South and conclude a peace agreement between the DPRK and the United States, drastically cut down the armed forces in the North and the South and get the U.S. troops and all the nuclear weapons withdrawn from South Korea without delay.

They also demanded the United States and the South Korean authorities to demolish the barrier of division built in the South side, realise free travel and complete opening between the North and the South, abrogate all the fascist laws such as the "National Security Law" and stop moves to legitimize the existence of "two Koreas" in the international arena through the "simultaneous entry into the United Nations", the letter says, and stresses:

The participants of the conference highly estimated the struggle of the South Korean students and people of all strata for independence, democracy and reunification and expressed determination to strengthen international solidarity supporting their patriotic struggle.

Kim Chong-il Receives Letter

SK2610052390 Pyongyang KCNA in English 0502 GMT 26 Oct 90

[Text] Pyongyang October 26 (KCNA)—Dear Comrade Kim Chong-il received a letter from the World Conference for One Reunified Korea by Means of Founding the Democratic Confederal Republic of Koryo held in Paris, France.

The letter says that the participants of the conference confirmed that the most realistic and fair way of achieving the independent and peaceful reunification of Korea at an early date is to materialize the proposal for founding the democratic confederal republic of Koryo which perfectly embodies the three principles of national reunification.

Recalling that the conference decided to send to the United States and the South Korean authorities letters strongly demanding them to come out to the tripartite talks and bilateral negotiations for the adoption of a non-aggression declaration between the North and the South, conclusion of a peace agreement between the DPRK and the United States, withdrawal of the U.S. troops and all the nuclear weapons from South Korea and drastic arms cuts in the North and the South, the letter says:

The participants of the conference expressed apprehensions over the unjustifiable behaviour of the South Korean authorities in keeping in prison democratic figures who strove for reunification, and strongly demanded the United States and the South Korean authorities to stop schemings to legitimize the existence of "two Koreas" in the international arena to perpetuate the division of Korea.

The conference affirmed resolute support to the struggle of the entire Korean nation for the reunification of their country, the letter stresses.

North Soccer Team Returns to Pyongyang 25 Oct

SK2510110390 Pyongyang KCNA in English 1028 GMT 25 Oct 90

[Text] Pyongyang October 25 (KCNA)—The soccer teams of our side headed by Kim Yu-sun, chairman of the State Sports Commission and chairman of the Olympic Committee of the Democratic People's Republic of Korea, and their party returned to Pyongyang this afternoon by train after concluding its five-day itinerary to Seoul for the North-South reunification soccer game.

At Pyongyang railway station, a large number of working people and sportsmen and sportswomen in the city, carrying bunches of flowers in their hands, warmly met them who came back after contributing to the promotion of national reconciliation and unity and to the cause of reunification, shouting slogans "National reunification" and "Korea is one".

They were met by Vice-Premier Chang Chol, Chairman of the Korean Football Association Choe Yong-hae, and other officials concerned.

Further Criticism of South Papers' 'Jargon'

SK2510105390 Pyongyang KCNA in English 1009 GMT 25 Oct 90

["Do They Hate Reunification So Bitterly?"—KCNA headline]

[Text] Seoul October 24 (KCNA correspondent)—Some self-styled "pressmen" and the authorities of South Korea feel displeased with the nation's desire for reunification that has grown more ardent with the North-South reunification soccer games as an occasion.

SEGYE ILBO, the newspaper published by Mun Sonmyong's "Unification Church," a pseudo-religious organization, October 23 carried an article by the "chief of the political section" of the newspaper who has been to Pyongyang, which claimed in a malicious tone that all people of the North have caught "a fever of reunification slogans." On the same day SEOUL SINMUN rasped that "the North is suffering from the fever of reunification." Such anti-reunification tone could be seen in other newspapers.

Worse still, a certain newspaper came out with the claim that the North must discard the slogan "Let us do our own way" and must be "opened" if reunification is to be achieved.

This is a version of the jargon of anti-communist fanatics who dream of "reunifying the country" by sending the wind "liberal democracy" into the Northern half of the country and disuniting it.

As everyone knows our country was divided by outside forces, unlike a certain other country which was divided after its defeat in a war. The argument for "reunifying the country the way the other country did" instead of our own way is acceptable to no one, because it means offering not only the South but also the North as a colony to outside forces.

While staying in Seoul, we have witnessed countless behaviours not only of media, but also by the South side against reunification.

A foreign correspondent in Seoul told us that the authorities had allotted 30,000 tickets as "invitation cards" with a view to preventing activist students from entering the stadium and dampening the reunification sentiments. 10,000,of them were sent to the "Council of Ex-Residents of Five Northern Provinces," an anti-communist organization, and another 10,000 to the notorious "Security Planning Board."

The South Korean authorities took to police station personages of "Chonminnyon" who had come to the Chamsil Stadium together with the Rev. Mun Ik-hwan, for the mere reason that they welcomed our footballers and shouted "Our motherland is one."

They even walked away an old woman Yi Kwi-pok who expressed her desire for reunification, calling the Northern women footballers "my daughters" and "my granddaughters."

If they had wished reunification, they would never have done such shameless acts.

Repression is not almighty. Physical force will never break the spirit of reunification.

Paper Denounces No's Remarks on 'Law and Order'

SK2610060390 Pyongyang KCNA in English 0551 GMT 26 Oct 90

[Text] Pyongyang October 26 (KCNA)—The traitor No Tae-u in his speech at a recent ceremony marking the "day of the police force" called on the policemen to take the lead in building up "law and order," "liquidating" crime and violence and "dispelling illegality and disorder."

His speech is branded by NODONG SINMUN Friday as an outspoken agitation for repression and a repressive order to the police to guarantee their "government" security by intensifying the fascist repression of people to an unlimited extent.

The news analyst of the paper says:

When No Tae-u urged the puppet police to guarantee "stability" by establishing "law and order," he meant to turn South Korean society further into a theatre of lawless fascist sword-brandishing and strengthen the fascist ruling order. And his outcry for "dispelling illegality and disorder" meant mercilessly repressing and punishing the people who advocate anti-U.S., self-determined reunification.

No Tae-u's new repressive order tells that the South Korean military fascist clique is going to launch a more brutal "scorched-earth offensive" against the patriotic pro-reunification and democratic forces in an attempt to put down the rising spirit of the people for anti-U.S. independence, anti-fascist democracy and national reunification and save the destiny of the "government" running downhill to destruction.

The clique's sinister intention was brought into bolder relief when No Tae-u announced that he would "continue to build up the police force by expanding manpower and organization" and "reinforcing equipment and mobility" and would make "bold investments" to this end.

No fascist club policy, however, will ever bring the awakened masses to submission.

KCNA Reports Arrest of Chondaehyop Chairman

SK2610055590 Pyongyang KCNA in English 0540 GMT 26 Oct 90

[Text] Pyongyang October 26 (KCNA)—The South Korean authorities arrested student Song Kap-sok, chairman of the "National Council of Student Representatives" (Chondaehyop), in Seoul on October 24, according to a report.

They revealed once again their anti-reunification nature by committing such an outrage as arresting the chairman of "Chondaehyop" who was resolutely fighting for reunification at a time when the desire of all the fellow countrymen was growing stronger with the inter-Korean high-level talks held in Seoul and Pyongyang, the pan-national concert for reunification held with the participation of the Korean musicians in the North and the South and overseas and the North-South reunification soccer games played.

In the meantime, "Chondaehyop" called a press conference at Hanyang University on the morning of October 25 and set the period till the 11th next month as a period of the struggle to rescue Chairman Song Kap-sok.

Noting that the arrest of Chairman Song Kap-sok is part of the suppression of the entire people's movement for democracy, "Chondaehyop" declared that it would fight it out to rescue Chairman Song and smash the wild ambition of the present "government" for long-term office.

"Chondaehyop" vowed to organise suicide commandos in this period and thus stage a protest demonstrations against the "Security Planning Board," "Security Command" and police and warned that if Chairman Song Kap-sok was not set free by the end of this month it would not hesitate to call strikes at campuses.

PRC Volunteers' Delegations Continue Visit

Meet Kim Il-song 25 Oct

SK2510154090 Pyongyang KCNA in English 1511 GMT 25 Oct 90

[Text] Pyongyang October 25 (KCNA)—The great leader President Kim Il-song today received Chinese delegations on a visit to Korea to participate in the celebrations of the 40th anniversary of the entry of the Chinese People's Volunteers (CPV) into the Korean war. Among them were the Chinese party and government delegation headed by Li Tieying, member of the Political Bureau of the Central Committee of the Communist Party of China (CPC), State Councillor and minister in charge of the State Education Commission; the Chinese people's friendship delegation headed by Huang Huang, secretary of the Ningxia Hui Autonomous Regional Committee of the CPC; the CPV delegation headed by colonel general Zhang Zhen, acting commander and Political Commissar of an army corps of the CPV and President of the National Defence University of the Chinese People's Liberation Army [CPLA]; the CPV heroes' delegation headed by lieutenent general Yao Xian, deputy commander of Beijing military area and airforce commander of Beijing military area of the CPLA; the delegation of martyrs' families of the CPV headed by major general Hu Guiyou, Political Commissar of the communications department of the general staff of the CPLA; the delegation of the ministry of public security headed by Gao Xu, special advisor to the ministry; and Wu Shaozu, minister of the state physical culture and sports commission, who is leading the Chinese sports delegation and heads of other delegations.

Present on the occasion were O Chin-u, member of the Presidium of the Political Bureau of the Central Committee of the Workers' Party of Korea [WPK] and minister of People's Armed Forces; Yi Chong-ok, member of the Political Bureau of the WPK Central Committee, and vice-president; Yon Hyong-muk, member of the Political Bureau of the WPK Central Committee, and premier of the Administration Council; Kim Yong-nam, member of the Political Bureau of the WPK Central Committee, vice-premier and foreign minister; Kye Ung-tae, member of the Political Bureau and secretary of the WPK Central Committee, and Choe Kwang, member of the Political Bureau of the WPK Central Committee, and chief of the general staff of the Korean People's Army.

Chinese ambassador E.P. to Korea Zheng Yi and his embassy officials were also on hand.

President Kim Il-song warmly welcomed the Chinese friends who are visiting Korea on the occasion of the 40th anniversary of the entry of the CPV into the Korean War and had a cordial and friendly conversation with them.

The guests presented gifts to President Kim Il-song.

Kim Il-song Attends Banquet

SK2510222390 Pyongyang KCNA in English 1522 GMT 25 Oct 90

[Text] Pyongyang October 25 (KCNA)—Comrade Kim Il-song, general secretary of the Central Committee of the Workers' Party of Korea and president of the Democratic People's Republic of Korea, arranged a grand banquet at the Kumsusan Assembly Hall this evening in celebration of the 40th anniversary of the entry of the Chinese People's Volunteers (CPV) into the Korean war.

The great leader President Kim Il-song appeared in the banquet hall amid the warm welcome of the participants.

Present at the banquet on invitation were Li Tieying, member of the Political Bureau of the Central Committee of the Communist Party of China (CPC), state councillor and minister in charge of the State Education Commission who is head of a Chinese party and government delegation; Huang Huang, secretary of the Ningxia Hui Autonomous Regional Committee of the CPC who is head of a Chinese People's Friendship Delegation; Zhang Zhen, acting commander and political commissar of an army corps of the CPV and president of the National Defence university of the Chinese People's Liberation Army who is head of a delegation of the former CPV; Yao Xian, deputy commander of Beijing Military Area and airforce commander of Beijing military area of the CPLA who is head of a heroes' delegation of the former CPV; Hu Guiyou, political commissar of the Communications Department of the General Staff of the CPLA who is head of a delegation of martyrs' families of the CPV; Gao Xu, special advisor to the Ministry of Public Security of China who is head of a delegation of the ministry; and the members of Chinese delegations and guests, Chinese ambassador to Korea Zheng Yi and his embassy officials, the CPV member of the Korean-Chinese side to the Military Armistice Commission and members of the CPV Liaison Office.

The banquet was attended by O Chin-u, member of the Presidium of the Political Bureau of the Central Committee of the Workers' Party of Korea and minister of People's Armed Forces; Yi Chong-ok, member of the Political Bureau of the WPK Central Committee and vice-president; Yon Hyong-muk, member of the Political Bureau of the WPK Central Committee and premier of the Administration Council; Kim Yong-nam, member of the Political Bureau of the WPK Central Committee, vice-premier of the Administration Council and foreign minister; Kye Ung-tae, member of the Political Bureau and secretary of the WPK Central Committee; Choe Kwang, member of the Political Bureau of the WPK Central Committee and chief of the General Staff of the Korean people's Army; Choe Tae-pok, alternate member of the Political Bureau and secretary of the WPK Central Committee; Kim Pok-sin and Kang Hui-won, alternate members of the Political Bureau of the WPK Central Committee and vice-premiers of the Administration Council; Chang Chol, vice-premier of the Administration Council; and other senior officials.

The national anthems of the People's Republic of China and the Democratic People's Republic of Korea were played at the banquet.

Yon Hyong-muk and Yi Tieying made speeches there.

The banquet proceeded all along in an amicable atmosphere overflowing with militant friendship and amity.

Kim Il-song Sends Wreaths

SK2510221590 Pyongyang KCNA in English
1459 GMT 25 Oct 90

[Text] Pyongyang October 25 (KCNA)—The great leader President Kim Il-song sent wreaths to the grave of Mao Anying, son of the great leader of the Chinese people Comrade Mao Zedong, and the cemetery of fallen fighters of the Chinese People's Volunteers, in Hoechang County, South Pyongan Province, on the occasion of the 40th anniversary of the entry of the CPV into the Korean war.

The wreaths were presented today on the spot.

The ribbons hanging from the wreaths were "to Comrade Mao Anying, son of Comrade Mao Zedong, a close comrade-in-arms of the Korean people!" and "immortal glory to the fallen fighters of the Chinese People's Volunteers!".

O Chin-u, Others Lay Wreaths

SK2610055990 Pyongyang KCNA in English
0545 GMT 26 Oct 90

[Text] Pyongyang October 26 (KCNA)—The Central Committee of the Workers' Party of Korea, the Central People's Committee and the Administration Council of the Democratic People's Republic of Korea, commissions and ministries of the Administration Council, central organs, working people's organizations, friendship organizations, the Pyongyang Municipal party and power bodies and administrative and economic organs laid wreaths Thursday at the Friendship Tower on the occasion of the 40th anniversary of the entry of the Chinese People's Volunteers into the Korean war.

Present at the wreath-laying ceremony were O Chin-u, member of the Presidium of the Political Bureau of the Central Committee of the Workers' Party of Korea and minister of People's Armed Forces; Yi Chong-ok, member of the Political Bureau of the WPK Central Committee [CC] and vice-president; Choe Kwang, member of the Political Bureau of the WPK Central Committee and chief of the General Staff of the Korean People's Army [KPA]; Choe Tae-pok, alternate member of the Political Bureau and secretary of the WPK Central Committee; and others.

On the same day, the C.C., the WPK, the Central People's Committee and the Administration Council of the DPRK, the Ministry of People's Armed Forces, South Pyongan Provincial party and power bodies, administrative and economic organs and working People's organizations laid wreaths before the grave of Mao Anying, son of the great leader of the Chinese people Comrade Mao Zedong, and the cemetery of fallen fighters of the CPV in Hoechang County, South Pyongan Province.

The Pyongyang Municipal Committee of the WPK, the Pyongyang Municipal People's Committee, the

Pyongyang Municipal Administration and Economic Guidance Committee, and Hyongjesan District party and power bodies, administrative and economic organs and working People's organizations and units of the KPA laid wreaths before the cemetery of fallen fighters of the CPV in Hyongjesan district.

Wreaths were also laid yesterday before the cemeteries of fallen fighters of the CPV in local areas.

Kim Chong-il Receives Gifts

SK2610053990 Pyongyang KCNA in English 0524 GMT 26 Oct 90

[Text] Pyongyang October 26 (KCNA)—The dear leader Comrade Kim Chong-il received gifts on October 25 from Li Tieying, member of the Political Bureau of the Central Committee of the Communist Party of China, state councillor and minister in charge of the State Education Commission, who is leading the Chinese party and government delegation, the heads of the Chinese people's friendship delegation and the delegation of the Ministry of Public Security of China, the delegation of the former Chinese People's Volunteers (CPV), the former CPV heroes' delegation and the delegation of martyrs' families of the former CPV on a visit to Korea.

The gifts were handed to Minister of People's Armed Forces O Chin-u, secretary of the Central Committee of the Workers' Party of Korea Choe Tae-pok and officials concerned.

Groups Watch Mass Gymnastics

SK2610054990 Pyongyang KCNA in English 0534 GMT 26 Oct 90

[Text] Pyongyang October 26 (KCNA)—The grand mass gymnastic display "single-hearted unity" performed by 50,000 school youth and children in Pyongyang took place at Kim Il-song stadium Thursday on the occasion of the 40th anniversary of the entry of the Chinese People's Volunteers [CPV] into the Korean war.

The mass gymnastic display was watched by Yi Chong-ok, member of the Political Bureau of the Central Committee of the Workers' Party of Korea and vice-president; Choe Kwang, member of the Political Bureau of the WPK Central Committee and chief of the General Staff of the Korean People's army; other senior officials, head of the Chinese party and government delegation Li Tieying, heads and members of the Chinese delegations, the Chinese ambassador, members of the CPV liaison office to the Military Armistice Commission and Chinese guests.

The grand mass gymnastic display excellently represents on a grand epical canvas the imperishable revolutionary feats of the respected leader president Kim Il-song who founded a revolutionary party of chuche type and converted our country into a prosperous socialist country of independence, self-sufficiency and self-reliance in national defence, and the indomitable spirit of our people to accomplish to the end the revolutionary cause of chuche down through generations, united with one mind behind the party and the leader.

It also gives an emotional representation of the heroic struggle of the CPV fighters who joined the Korean front to help our people's struggle with blood during the past Fatherland Liberation War under the banner of "Resisting America and Aiding Korea, Safeguarding the Home and Defending the Motherland", the proud successes achieved by the Chinese people in socialist construction in the past under the leadership of the Communist Party of China and the unswerving faith and will of the peoples of Korea and China to carry forward and develop the Korea-China friendship which has been firmly forged on the same road of struggle against imperialism generation after generation.

The mass gymnastic display was acclaimed by the spectators for its high ideological and artistic value, organization and tested athletic movements.

More on Meeting To Rename Bridge

SK2510111190 Pyongyang KCNA in English 1032 GMT 25 Oct 90

[Text] Pyongyang October 25 (KCNA)—A meeting to name the Yalu River Bridge Sino-Korean Friendship Bridge was held in Dandong, a border city of China, on October 24 on the occasion of the 40th anniversary of the entry of the Chinese People's Volunteers into the Korean war.

Present on invitation were members of the North Pyongan Provincial friendship delegation of Korea headed by Paek Man-su, vice-chairman of the North Pyongan Provincial Administration and Economic Guidance Committee, on a visit to Liaoning Province of China, the consul of the DPRK General Consulate in Shenyang, and Koreans residing in Dandong City.

Attending there were Yue Qifeng, deputy secretary of the Liaoning Provincial Committee of the Communist Party of China and acting governor of the Liaoning Provincial people's government, Wang Wenqian, secretary of the Dandong City Committee of the CPC, and Zhang Ziqi, deputy secretary of the Dandong City Committee of the CPC and governor of the Dandong City people's government, an official of the Chinese Embassy in Korea, and other officials concerned.

Yue Qifeng and Paek Man-su made speeches.

They stressed that to name the Yalu River Bridge Sino-Korean Friendship Bridge and Korea-China Friendship Bridge shows the great friendship and solidarity sealed in blood between the peoples of the two countries and peoples of the two border areas and is of historical significance in carrying forward the traditional friendship between the two countries down through generations.

PRC Publishes Book

*SK2610102090 Pyongyang KCNA in English
1006 GMT 26 Oct 90*

[Text] Beijing October 24 (KCNA)—A book "Victory in the War of Resisting America and Aiding Korea" published by the Chinese encyclopedia publishing house will soon come off the press on the occasion of the 40th anniversary of the entry of the Chinese People's Volunteers into the Korean War, according to the CHINESE LIBERATION ARMY DAILY October 24.

The preface of the book is written by former CPV Commander Yang Dezhi.

Printed in the book are important handwritings of Comrade Mao Zedong.

The 400,000-letter book carries articles titled "Valiant Chinese People's Volunteers", "Fierce War of Resisting America and Aiding Korea," "Dynamic Movement for Resisting America and Aiding Korea" and "Commander Peng Dehuai in the Korean War," introduces 20 renowned combatant heroes and model soldiers including Huang Jiguang, Qiu Shaoyun and Luo Shengjiao and edits precious photographs.

The book will serve as a good textbook for education in patriotism, internationalism and revolutionary heroism, said the daily.

Editorial Marks Anniversary

*SK2510111590 Pyongyang Domestic Service in Korean
0012 GMT 25 Oct 90*

[NODONG SINMUN 25 October editorial: "Everlasting Korea-China Friendship—on the Occasion of the 40th Anniversary of the Chinese People's Volunteers (CPV)"]

[Text] The day of 25 October is marked as an excellent event in the history of friendship and unity between two peoples of Korea and China and of their joint struggle. During the most difficult period in our people's Fatherland Liberation War against the armed invasion of the U.S. imperialists, the Chinese People's Volunteers participated in the Korean front and accomplished immortal achievements. Since that time, 40 years have passed.

Marking the anniversary of the CPV's participation in the Korean front, the Korean people and officers and men of the People's Army, together with the comrades-in-arms in China, are recalling with deep emotion the days of fierce struggle whereby they smashed the U.S. imperialist aggressors. At the same time, they extend warm militant greetings to the Chinese people and to the officers and men of the People's Liberation Army.

The participation of the CPV in the Korean front was a clear demonstration of traditional militant friendship, revolutionary fraternity, and comradely sense of duty between the Korean and Chinese people. Although it was the early days of founding their nation when they entered the road of building a new life immediately after the victory in the people's revolution, the Chinese people dispatched volunteers composed of their outstanding sons and daughters to the Korean front under the banner of "Resist America, aid Korea, safeguard the home, and defend the nation," and helped our people's struggle with blood. The courageous CPV fighters loved and treasured every mountain, every river, and every piece of ground of Korea, and fought to defend the land of Korea by demonstrating peerless courage and mass heroism.

The two armies and two peoples of Korea and China shared their destinies on the frontline and in the rear areas and fought shoulder to shoulder by looking after each other as if they were blood relatives. Thus, they inflicted serious defeat on the U.S. imperialist aggressors and won the great victory.

The CPV actively supported our people's postwar rehabilitation works. The CPV's participation in the Korean front was an excellent model of proletarian internationalism, and showed the friendship between the two peoples of Korea and China is the great friendship forged with blood and firmly linked with lofty comradeship. The heroic exploits the CPV registered on the Korean front will remain in our people's memory forever.

The great leader Comrade Kim Il-song has taught: The two peoples of Korea and China linked their destinies into one long ago and shared their joys and sorrows in the struggle against a common enemy. Cherishing the sense of duty as revolutionary comrades-in-arms, they deepened their comradely friendship.

The Korean people and the Chinese people are close revolutionary comrades-in-arms and class brothers who have shared their destinies in the struggle against the common enemy for a long time. The peoples of two countries fought together against the Japanese imperialists and also fought against the U.S. imperialists. They closely supported and cooperated with each other in the struggle to build socialism. The Korea-China friendship is an immortal friendship which was jointly provided and fostered by Comrade Kim Il-song, the great leader of our people, and the old Chinese leaders including Comrade Mao Zedung, the great leader of the Chinese people, respected Comrades Zhao Enlai and Deng Xiaoping. The meetings and mutual visits paid many times by leaders of parties and states from the two countries in recent years served as a new occasion for strengthening and developing the Korea-China friendship.

[Text] The great leader Comrade Kim Il-song's visit to China last year and the respected Comrade Jiang Zemin's visit to our country this year were important events that demonstrated to the entire world the resolute will of the two parties, states, and peoples to consolidate and develop the traditional Korea-China friendship for generations.

The Korea-China friendship was forged in the flames of arduous revolutionary struggle and is based on the common desire and aspirations of the peoples of two countries. This friendship overcame various trials in history, and has been further consolidated in the course of defending and developing the socialist cause. Thus, it is constantly demonstrating great vitality.

Under the correct leadership of the Communist Party of China, the fraternal Chinese people are vigorously advancing along the path of socialism—the path of independence—by highly demonstrating the spirit of self-reliance and arduous struggle and by overcoming trials and difficulties on the road of advance. Thus, they built a powerful new China overflowing with a happy socialist life on the vast land of China by eliminating the protracted backwardness and poverty.

In particular, after the third plenary meeting of the 11th CPC Central Committee, the Chinese people embarked on a new long march by cherishing great ambitions and hope. By maintaining the four-point basic principles, the Chinese people attained great success in the struggle to build a modern society with Chinese characteristics while deepening the reform and openness corresponding to socialism. The brilliant success attained by the Chinese people in their socialist construction and the growth in the might of socialist China has served as great inspiration to the progressive people and peace-loving people of the world and at the same time, worked as a severe blow to the international reactionary forces who are hostile to independence, progress, and the socialist cause.

No maneuvers of the imperialists and domestic and foreign reactionary forces can eliminate the revolutionary spirit of the Chinese people or destroy socialism which took deep root in the Chinese land. Through their own life, the Chinese people firmly believe in the superiority of the socialist system and in the justness of the socialist cause, and firmly linked the future of socialism with their destiny by cherishing ardent love of their socialist fatherland.

Today the Chinese people are tenaciously fighting to implement the policies and decisions put forward by the CPC and the Chinese Government. The PRC is implementing the independent foreign policy. This contributes to safeguarding peace in Asia and in the world.

Our people rejoice, just as if it were our own success, over the fact that the socialist construction is properly carried out in China and international respect for the PRC is increasing each day. Our people extend firm solidarity to the Chinese people's struggle to realize the peaceful reunification of their fatherland according to the idea of one state with two systems. Just as they did in the past, the fraternal Chinese people are sincerely supporting and encouraging our people's just struggle for socialist construction and for the independent and peaceful reunification of the nation. This is great inspiration for our people.

Strengthening and developing the traditional Korea-China friendship will greatly contribute to accelerating the revolution and construction in the two countries, to safeguarding the socialist cause, maintaining and consolidating peace in Asia and in the world, and accelerating the anti-imperialist revolutionary cause.

Our people will in the future, too, as in the past, bring into fruition the friendship and unity with the fraternal Chinese people generation after generation. The friendship, unity, and cooperative relations between the two peoples of Korea and China will be further consolidated and developed on the path to the common cause of peace and socialism. The Korea-China friendship will be immortal and everlasting.

Joint Venture With Koreans in Japan Begins

SK0710105090 Pyongyang KCNA in English 0831 GMT 7 Oct 90

[Text] Pyongyang October 7 (KCNA)—The Taedoksan Joint Venture Company has been commissioned, operated by the Pukchong County Administration and Economic Guidance Committee of South Hamgyong Province and the Ehime Prefectural Association of Traders and Industrialists of Chongnyon.

The company, built by the people in the homeland and Korean businessmen in Japan, has a capacity of processing over 4,000 tons of marine products a year. All its production processes including fish-drying have been mechanized and automated.

The company will help toward improving the food life of our people.

O Chin-u Greets Czechoslovak Minister

SK0610044790 Pyongyang KCNA in English 0430 GMT 6 Oct 90

[Text] Pyongyang October 6 (KCNA)—Vice Marshal of the Korean People's Army [KPA] O Chin-u, minister of People's Armed Forces, sent a message of greetings to General Miroslav Vacek, minister of national defence, on the day of the Czechoslovak Army.

The message extends felicitations to him and the entire officers and men of the Czechoslovak Army in the name of the officers and men of the KPA and wishes him success in his work for increasing the defence capabilities of the country.

Film Show, Party Held at Czechoslovak Embassy

SK2310053790 Pyongyang KCNA in English 0412 GMT 23 Oct 90

[Text] Pyongyang October 23 (KCNA)—A film show and a cocktail party were arranged at the Czechoslovak Embassy here on the 42nd anniversary of the establishment of diplomatic relations between Korea and Czechoslovakia.

Invited there were Vice-Minister of Foreign Affairs Cho Kyu-il, Vice-Minister of External Economic Affairs Kim Chong-u, Vice-Chairman of the Committee for Cultural Relations with Foreign Countries O Mun-han and other officials concerned.

The participants saw a movie before a cocktail party.

Czech Envoy Meets Press on Independence Day

SK2410044790 Pyongyang KCNA in English 0437 GMT 24 Oct 90

[Text] Pyongyang October 24 (KCNA)—Czechoslovak Ambassador to Korea Zbynek Schee called a press conference at his embassy Tuesday on the occasion of the 72nd anniversary of the formation of an independent state of Czechoslovakia.

Present there were newspaper, news agency and radio reporters in Pyongyang.

The ambassador spoke at the press conference.

Greetings Sent to Romanian Defense Minister

SK2410110290 Pyongyang KCNA in English 1048 GMT 24 Oct 90

[Text] Pyongyang October 24 (KCNA)—Vice Marshal of the Korean People's Army O Chin-u, minister of People's Armed Forces, sent a message of greetings to Colonel General Victor Stanculescu, minister of national defence of Romania, on the occasion of the Army Day of Romania.

The message expressed the belief that the relations between the armies of the two countries would continue to develop favourably in the interests of the two countries.

WPK Holds Talks With Netherlands Party

SK2410043590 Pyongyang KCNA in English 0428 GMT 24 Oct 90

[Text] Pyongyang October 24 (KCNA)—Talks were held in Paris on October 20 between the delegation of the Workers' Party of Korea [WPK] headed by Kim Yong-sun, secretary of the Central Committee of the WPK, and a delegation of the Party of Communists in the Netherlands headed by its general secretary Rene Dammen, which participated in the world conference for one reunified Korea by means of founding the democratic confederal republic of Koryo.

Discussed at the talks were the issue of the friendly relations between the WPK and the Party of Communists in the Netherlands and a series of matters of common concern.

The talks proceeded in a friendly atmosphere.

Cocktail Party Held on Cuban Culture Day

SK2310053590 Pyongyang KCNA in English 0414 GMT 23 Oct 90

[Text] Pyongyang October 23 (KCNA)—Javier Perez, charge d'affaires ad interim of the Cuban Embassy here, arranged a cocktail party at his Embassy on the evening of October 22 on the day of culture of Cuba.

Invited there were Vice-Minister of Culture and Art Kim Chun-han, vice-chairman of the Committee for Cultural Relations With Foreign Countries Pak Tong-chon, first vice-chairman of the Central Committee of the General Federation of the Unions of Literature and Arts of Korea Choe Yong-hwa and other personages concerned.

Speeches were made at the party which proceeded in a friendly atmosphere.

Kim Chong-il Receives Ecuadoran Gift

SK1610113490 Pyongyang KCNA in English 1109 GMT 16 Oct 90

[Text] Pyongyang October 16 (KCNA)—The dear leader Comrade Kim Chong-il received a gift from Humberto Ortiz Flores, manager of the "Voluntad" Publishing House of Ecuador, and his party on a visit to Korea.

The gift was handed to an official concerned by manager Humberto Ortiz Flores.

Kim Chong-il on Strengthening, Developing WPK

SK0810144890 Pyongyang KCNA in English 1100 GMT 8 Oct 90

["Highly Important Work of Undying Significance in Strengthening and Developing the Party and Accomplishing Cause of Socialism"—KCNA headline]

[Text] Pyongyang October 8 (KCNA)—Dear Comrade Kim Chong-il published the treatise "The Workers' Party of Korea [WPK] Is the Organizer and Guider of all Victories for our People" on the threshold of the 45th founding anniversary of the party. In this connection NODONG SINMUN today carries an editorial titled "Highly Important Work of Undying Significance in Strengthening and Developing the Party and Accomplishing Cause of Socialism.".

The editorial reads in part:

The treatise is, above all, a historical work which consummates the rich experience and shining feats gained by our party in hewing a new unique path of its development for a long time.

Dear Comrade Kim Chong-il has taught:

"Our party has performed brilliant exploits, which will shine forever in history, for the freedom and happiness of the people and the prosperity and progress of the country, coming a long and thorny path under the banner of the chuche idea."

Our party has strengthened and developed into a new revolutionary party, a chuche-type party, and has demonstrated its might as the tested party which always leads the revolution and construction to victory and which is full of the militant spirit.

The treatise is also a valuable guideline which brightly indicates the way for our party to strengthen itself still further and raise its leadership role and thus creditably discharge the heavy mission it has assumed for the Korean revolution and the world revolution. Today the cause of socialism, the human cause of independence, is facing a grave challenge of the imperialists. The treatise published in this historical period shows a correct way of strengthening the party and increasing its guidance over the revolution and construction; it indicates a guiding compass with which to get over all sorts of difficulties lying on the road ahead of us and lead the cause of socialism and communism along the straight road of victory.

Noting that the publication of the work by dear Comrade Kim Chong-il is of weighty importance theoretically and practically in enabling our party to discharge its mission and role as the organiser and guider of all victories, the editorial says:

The significance of the treatise lies in that it gives a clear exposition of fundamental matters arising in the leadership of the party for the victory of the cause of socialism.

The treatise expounds that the party's leadership is a decisive guarantee for strengthening the driving force of the cause of socialism and enhancing its role and it is a basic requisite to advancing the cause of socialism in reliance upon correct strategy and tactics of struggle and it is an essential demand for invariably upholding the revolutionary principle and thoroughly applying it in the whole course of the accomplishment of the cause of socialism, and stresses that the leadership of the party is also necessary for building and developing a communist society in future.

The sigificance of the treatise lies also in that it indicates the way of strengthening and developing our party into a revolutionary party of chuche type forever.

The treatise emphasizes that it is imperative to thoroughly uphold the revolutionary character of our party as the party of chuche type, defend the unity and cohesion of the party and consolidate it still further and unite broad sections of people around the party and thus establish rock-firm relations of kinship between the party and the masses, and shows the direction and ways to this end.

Another great significance of the treatise lies in that it clearly indicates the way of strengthening the leadership of the party with main emphasis on work with people and thus more firmly building the might of our party and constantly enhancing its leadership role.

The treatise propounds the policies of doing its utmost as the mother party responsible for the destiny of the popular masses, applying the party and political method and properly establishing inner-party work system and the system of the party's leadership and the policies of party work in strengthening the party leadership with main emphasis put on work with people.

Consummated in a comprehensive way in the treatise are the original theory on the party building and methods of party work which were laid down by dear Comrade Kim Chong-il in the course of developing in depth the cause of the building of the party of chuche type onto a new height and the validity of which were tested in practice and rich experiences.

For this, the treatise serves as an immortal work which holds a monumental position in the history of the party building of the working class and a militant banner which makes it possible to carry forward to completion the cause of building our party.

Editorial Stresses Financial, Banking Work

SK1810043590 Pyongyang Domestic Service in Korean 0007 GMT 17 Sep 90

[NODONG SINMUN 17 September Editorial: "Let Us Improve and Strengthen Financial and Banking Work"]

[Text] At a majestic time when all of the people are vigorously rising up and accelerating a great march movement to glorify the 45th anniversary of the founding of our party with high political zeal and brilliant labor successes, we have received the dear Comrade Kim Chong-il's historic document, "Let Us Improve and Strengthen Financial and Banking Work." Receiving the dear Comrade Kim Chong-il's letter addressed to the participants of the financial and banking functionaries' national meeting , functionaries and the working people in the financial and banking sector throughout the country are now seething with infinite deep emotion and joy, and are filled with the firm determination to thoroughly embody the ideology and theory elucidated in the document.

In his historic document the dear Comrade Kim Chong-il has analyzed and generalized the essential character of socialist finance and its management principle and clearly elucidated the tasks which arise in further improving and strengthening the financial and banking work in conformity with the demands of the developing reality. The dear Comrade Kim Chong-il's historic document is not only an immortal document which has extensively summed up and systematized the socialist financial theory, but is also a programmatic guideline which should be firmly adhered to in thoroughly implementing the party's financial policy.

The ideology reflected in the document is to accelerate socialist construction, to assiduously manage the country's economy, and to promote the people's living by effectively using the money earned by the people for the benefit of the people and, thus, to further enhance the superiority of the socialist system of our country. With the publication of the document, our people have been able to have a firm guideline which makes it possible not only to more properly and thoroughly solve in our style all problems, which arise in improving and strengthening the financial and banking work, proceeding from a chuche-oriented stand, in conformity with the specific situation of our country and with the aspiration of our people, but also to effectively use the money earned by the people in the socialist economic construction for the benefit of the people in conformity with the demands of the developing reality. Because of this, the document has moved and influenced the hearts of our people and has thus vigorously inspired all of the people into the struggle to implement the party's financial policy.

For the party and the state of the working class, which has seized sovereignty, to correctly solve the financial problem, firmly grasping it as the means of managing and operating the state and of managing the country's overall economy in socialist and communist construction is a very important problem. Therefore, since its founding, our party, defining the establishment of a firm state financial foundation and the proper solution of all financial problems with our own strength as the basic direction of the financial management of our country, has wisely led our financial and banking work.

Thanks to the revolutionary measures our party has taken to improve and strengthen the financial and banking work at every period and phase of development of the revolution and thanks to the party's wise leadership in implementing these revolutionary measures, our finance, which had only an empty safe right after national liberation, has been able to have a firm foundation today which can independently and smoothly solve huge funds necessary for economic construction, national defense construction, and for the people. This not only clearly shows the wisdom and correctness of our party's leadership, but also clearly proves how firm and mighty our self-reliant finance is and how vigorously it guarantees socialist construction. This also constitutes not only the great demonstration of the genuine superiority of our socialist system, under which the people are the master of the country and everything serves the popular masses, but also the clear proof of the people-oriented character of the socialist finance of our country. It is an indispensable requirement to enhance the function and role of the financial management and operation which can back up the rapidly developing socialist construction.

In his document the dear Comrade Kim Chong-il, based on the firm principle that the socialist finance is essentially to use the money earned by the people for the benefit of the people, has elucidated the duty of the socialist finance, the principle that arises in the socialist financial management, the task that arises in seeing to it that our finance can perform the mission and role as a people-oriented finance, and the ways for its implementation.

Comrade Kim Chong-il, member of the Presidium of the Political Bureau and secretary of the party Central Committee, has indicated: The financial and banking field is today faced with the heavy task of further improving and strengthening the financial and banking work in conformity with the realistic demands of socialist construction.

Closely studying the dear Comrade Kim Chong-il's historic document, "on improving and strengthening the financial and banking work" and, thus, deeply grasping and understanding its ideology, theory, and essence is the first requirement to implement thoroughly the party's financial policy. All functionaries and the working people should thoroughly establish a voluntary and revolutionary study habit and should deeply study all sentences and phrases of the document.

In particular, functionaries in the financial and banking sector should more properly study the document. The purpose to deeply study the document is to realize brilliantly the party's intent to glorify the genuine superiority of the socialist system of our country by correctly managing and using finances and, thus, by accelerating socialist construction. All functionaries in the financial and banking sector and economic guidance functionaries, under the firm faith that "we will do it once the party has decided it" and with high revolution-mindedness, party spirit, working class spirit, and people-mindedness, should solve in a revolutionary and militant manner all problems that arise in implementing the party's financial and banking policy by highly displaying the revolutionary spirit of self-reliance and fortitude.

The high revolution-mindedness and the revolutionary spirit of self-reliance and fortitude of functionaries in the financial and banking sector in implementing the party's financial and banking policy should find expression in financially guaranteeing the general march of socialist construction. By mingling with the masses and by conducting substantial discussions with the masses regarding preparations for state budget and financial plans of plants and enterprises, all financial functionaries should actively collect and mobilize reserves for production increase and conservation and should scientifically calculate the source of imports and the demands of funds. At the same time, they should thoroughly establish a strong discipline to strictly execute the reserves. Along with this, they should also thoroughly implement our party's policy of local budgetary system, the superiority and vitality of which have been fully proven through practice.

As indicated in the document, finances of plants and enterprises occupy a very important position in the socialist financial system. Only when the financial management work at plants and enterprises is properly carried out can the overall financial work of the country be correctly carried out. All plants and enterprises should collectively discuss at their party committees all problems arising in financial management, ranging from the preparation of financial plans to financial summation, and should implement these problems, relying on the revolutionary zeal of the producer masses. In particular, plants and enterprises should correctly adopt the independent economic accounting system in conformity with the demands of the Taean work system and should correctly use such economic leverages as cost, process, and benefits.

Only when we enhance the role of banks can we consolidate the money circulation of the country, smoothly guarantee the funds necessary for the fulfillment of the national economic plan, accelerate socialist construction, and assiduously manage the overall national economy by strengthening the control by won currency.

Banking organs, realizing that strengthening the control by won currency is their important mission, should correctly supply the funds for the state budget and should strengthen the control so the funds are used correctly. Strengthening the financial summation is an important requirement that arises in improving the overall socialist economic management, including financial management.

All organs and enterprises should further strengthen financial summation work, including the daily production and financial summation provided by the dear Comrade Kim Chong-il and, in particular, should conduct the daily production and financial summation in close combination with the model work team movement for production increase and conservation. The model work team movement for production increase and conservation is a mass movement our party has set forth anew to lead the producer masses to strengthen the struggle for production increase and conservation and to actively launch into the struggle for creating a new speed for the nineties. All plants and enterprises should vigorously conduct the model work team movement for production increase and conservation in close combination with daily production and financial summation. Thus, they should see to it that all units and guard posts constantly create a new miracle and innovation.

Thoroughly embodying our party's revolutionary work method and people-oriented work style is the ethos that functionaries in the financial and banking sectors should have to effect revolutionary changes in their financial and banking work. All financial and banking functionaries and economic guidance functionaries should mingle with the masses and vigorously wage political work with them according to the demands of the Chongsan-ri spirit and the Chongsan-ri method. Thus, they should demonstrate the ethos of working together with the masses.

Today, our party is vigorously calling all functionaries and the working people to launch into the struggle for production increase and conservation. The role of party organizations in this is very great.

Only when party organizations vigorously and quickly move in conformity with the demands of the developing reality, grasp the status of the execution of party policies on a regular basis, and properly conduct summation and rearrangement work can party policies be thoroughly carried out in a timely manner by actively mobilizing the zeal of functionaries and the working people.

Party organizations and functionaries at all levels in the financial and banking sector should more properly plan and coordinate organizational and political work to implement the party's financial policy. At present, party organizations should explain and inculcate the historic document, "on improving and strengthening the financial and banking work," among functionaries and the working people so they clearly understand the basic ideology and spirit of the document and tasks and methods to improve and strengthen the financial and banking work.

Party organizations should also see to it that functionaries in the financial and banking sector thoroughly observe the regulations and detailed rules of the financial and banking management and that they are always humble, kind, and clean-handed, while cherishing in their hearts the sense of responsibility of playing an important role in managing the nation's economy.

The socialist finance of our country is a superior chuche-oriented finance that contributes to embodying the principles of independence in politics, self-reliance in the economy, and self-defense in national defense. it is also a people-oriented finance that makes it possible to highly enhance the superiority of the socialist system and to constantly promote the socialist life.

Let all of us effect a new turn in accelerating socialist economic construction and in epochally improving the people's living by upholding the dear Comrade Kim Chong-il's historic document, "on improving and strengthening the financial and banking work," and by thoroughly implementing tasks elucidated in the document.

Bumper Harvest in Yoldusamchol Plain Noted

SK2010215290 Pyongyang KCNA in English 1500 GMT 20 Oct 90

[Text] Pyongyang October 20 (KCNA)—Bumper crops visited again this year the Yoldusamchol-ri Plain, a granary on the west coast of Korea.

An increase of 1-1.5 tons of rice per hectare on an average over last year is foreseen in the vast paddy fields of Anju City and Mundok, Sukchon and Pyongwon Counties, South Pyongan Province, despite a long spell of unfavourale weather this year.

The Yoldusamchon cooperative farm in Sukchon County alone envisages a yield of nearly 20,000 tons of rice equivalent to the total grain output in the county before the liberation of the country.

The farm plans to produce 8.7 tons of rice per hectare on an average, 970 hectares of tideland-turned paddy fields included.

The Kwangchon cooperative farm foresees a yield of 15,000 tons of grain and the chili, Sasan and Sinpung cooperative farms 10,000 tons of grain each.

Grain production increased in Pyongwon County, too.

In particular, 1,500 more tons of rice than last year will be produced on the Taepung cooperative farm, a newly reclaimed tideland farm.

The Sangpal, Yongnim and other cooperative farms in Mundok County envisage an average of eight tons of rice, 10 tons of rice to the maximum, per hectare.

A total grain output of each county in the Yoldusamcholri Plain was 10,000-20,000 tons before the liberation.

But, today each county has the goal to produce 180,000-200,000 tons of grain.

KCNA Reports Bumper Crops of Maize, Rice

SK1810060790 Pyongyang KCNA in English 0455 GMT 18 Oct 90

[Text] Pyongyang October 18 (KCNA)—Maize and rice harvests have been finished in rural areas of Korea.

The agricultural working people who reaped bumper crops by doing farming well as demanded by the chuche farming method even under the unusually unfavorable weather conditions finished the harvest of grain quickly in the most opportune time.

Many fields of the countryside are expected to yield 8 tons of grain on an average per hectare, 10 tons at maximum this year.

The agricultural working people are now expediting the transportation of rice sheaves and thrashing in real earnest.

South Korea

Chon Kum-chol Interviewed on N-S Relations

SK2610101290 Seoul HANGYORE SINMUN in Korean 26 Oct 90 p 2

[Report on an interview with Chon Kum-chol, vice chairman of North Korea's Committee for Peaceful Reunification of the Fatherland (CPRF), by correspondent An Chong-suk on 22 October at Koryo Hotel in Pyongyang]

[Text] In an interview given to HANGYORE SINMUN on the evening of 22 October, when the closing performance of the pan-national music concert for reunification was given in Pyongyang, Vice Chairman of the CPRF Chon Kum-chol said that "the method of joint investment between the North and South, something like joint ventures, will help to realize national reconciliation" and then explained North Korea's basic position. He said: "For this, however, such things as the signing of a nonaggression declaration and the settlement of political and military issues should be preconditions."

[An Chong-suk] If so, do you mean to say that you recognize privately owned big businesses, which run counter to the socialist ideal, the so-called monopolistic capitalists?

[Chon Kum-chol] I do not deny their practical existence. However, an official recognition is a different thing. To be more precise, we tacitly acknowledge their existence, but we make it a rule to avoid mentioning it.

At any rate, exchanges conducted without a solution for the political and military issues are incomplete.

[An] Cultural and sports exchanges between the North and South, including the pan-national music concert for reunification, the North-South soccer game for reunification, and the North-South film festival in New York, have become frequent recently. Does this mean a step back from your earlier position that the political and military issues should be settled before anything else?

[Chon] Exchanges conducted up until now were special cases. Such special cases of exchanges will come to an end the moment the political situation hardens. Remember this: The various forms of talks that are now under way inevitably will be suspended as soon as the "Team Spirit" exercise starts.

Some say that it is all right to conduct exchanges one at a time and allow home-visiting teams to come and go. However, reunification is not possible without peace. So, we consider it necessary to create conditions for peace.

[An] Is not your caution against the way the Germanys have reunified an obstacle to advancing relations of exchange and cooperation between the North and South? What is your opinion on German reunification?

[Chon] West Germany has merged with East Germany after absorbing it. It is, however, an illusion if anyone thinks it is possible for either of our sides to merge with the other after absorbing it. We (North Korea) have a system that is different from those in the East European socialist countries.

Also, until Honecker visited West Germany last year, the two Germanys did not talk about reunification even though there were exchanges that had worked to perpetuate the two Germanys. As soon as the Soviet Union began promoting perestroyka, the masses [in East Germany] staged demonstrations. German reunification was possible because the German people aspired for reunification.

[An] When do you think a North-South summit meeting will be possible?

[Chon] It will be possible only when the summit leaders think that they would be able to settle major issues. It is meaningless if the leaders part company after only dining together. The South side should show its willingness to ease tension by partially accepting the proposal for a nonaggression declaration in the high-level talks.

[An] What do you mean by partial acceptance?

[Chon] We did not mention the withdrawal of U.S. troops and nuclear weapons in our proposal for a nonaggression declaration because we thought that it would not be accepted even if the two sides continued discussing it for 10 years. So, we proposed what can be discussed and settled. If the South side shows a sort of willingness concerning the proposal for the nonaggression declaration, that will do.

[An] What about the UN issue? Some foreign news reports said that your country once seemed to be flexible on your earlier position on joint representation at the United Nations with one seat.

[Chon] As was explained immediately, it was a wrong interpretation. There has been no change in our position that we do not recognize two states.

[An] It is expected that North Korea and Japan will soon establish diplomatic relations. Can this be taken to mean a first step toward recognition of the North and South, along with the diplomatic relations established between the Soviet Union and Korea?

[Chon] Our move toward establishing diplomatic relations with Japan is according to our foreign policy, which stipulates that we can establish friendly relations with any country on earth. It does not mean that we recognize the cross recognition of the North and South by the United States, Japan, China, and the Soviet Union. All told, the negotiations between Korea [Choson] and Japan over the establishment of diplomatic relations are an indication that Japan has effected a change in its hitherto policy of recognizing South Korea only.

Officials, Scholars in Discord Over N-S Ties

SK2610024090 Seoul CHUNGANG ILBO in Korean 25 Oct 90 p 1

[Text] Government officials show a serious discord over our side's policy toward a declaration of nonaggression and North-South summit talks, the greatest pending issues between the North and the South.

This conflict of views has been confirmed through remarks of officials concerned at a strategic meeting after the second round of North-South high-level talks. It has been learned that some of the delegation to the high-level talks, officials of the Ministry of National Unification and other government agencies, and specialists in North-South affairs demand a prudent approach to the issues, whereas Chongwadae officials assert the active acceptance of the North's proposal and the early convocation of the summit talks.

Disagreement was clearly shown at a closed-door meeting of six specialists in North-South relations that Prime Minister Kang Yong-hun arranged on the morning of 24 October to work out a strategy toward the third round of talks. This discord seems likely to concretely affect the government's decision of its policy.

The meeting was attended by Prime Minister Kang, Minister of National Unification Hong Song-chol, and officials of the prime minister's office and the Ministry of National Unification from the government side, and by Kang In-tok, director of the Far Eastern Affairs Research Institute; Han Sung-chu, professor of Korea University; Chong Yong-sok, professor of Tanguk University; Yi Sang-u, professor of Sogang University; and Chong Chong-uk and Ha Yong-son, professors of Seoul National University.

At the meeting, most of the professors maintained that the mutual building of military confidence and the establishment of a device to guarantee the reduction of arms should precede the adoption of a declaration of nonaggression, a mere nominal step, and that the holding of the summit talks should be prudently approached until North Korea has obviously shown changes in its attitude, such as the abandonment of its lines of revolutionizing the South and its apology for anti-South hostile acts.

A participant said that "I understand that at present, government officials, particularly Chongwadae officials, are positively accommodating demands for creating an atmosphere for an early holding of North-South summit talks by accepting a declaration of nonaggression at the third round of talks." He added that "North-South affairs specialists and scholars, who express critical views and concern to this positive assertion, have also emphasized this negative view at the meeting."

He noted that "giving the impression of seemingly 'begging' for the summit talks in a hasty manner without waiting for changes in the North under the situation, in which the tenor of the times and the structure of dynamics on the Korean peninsula are in favor of our side, can give rise to the misunderstanding that the government of the Sixth Republic is pushing ahead with the summit talks for its political purpose." He further said that many were of the opinion that at least there must precede the guarantee of the neighboring countries and the international community through the simultaneous entry into the United Nations before a declaration of nonaggression comes into effect.

He also quoted some as saying that "hurriedly pushing ahead with the summit talks under the situation where, North Korea's President Kim Il-song has failed to apologize for such antinational acts as the southward invasion of 25 June, the Aung San incident, and the shooting down of a Korean airliner, runs counter to the sentiments of the people."

In connection with a declaration of nonaggression, specialists presented their views that "since it is merely a nominal measure without any power of confinement, the North's side should be compelled to agree to take substantial regulatory measures, which can guarantee military confidence through the mutual exchange of military information, the notification of the relocation of units and military maneuvers, and the relocation of offensive armed forces in rear areas."

According to a participant in the meeting, he was also told that "the majority of the delegation to the high-level talks, officials of the Ministry of National Unification and other government agencies dealing with North-South relations hold that our side should more prudently approach the summit talks and a declaration of nonaggression."

On 25 October, an official of the delegation made clear that "it is not reasonable to hasten an agreement on a declaration of nonaggression to hold the summit talks early" and that "at the high-level talks, we should thoroughly study the details of the North's draft declaration of nonaggression and fathom the intentions of the North and demand its agreement on a way for the nonuse of armed forces."

By revealing on many occasions through Yi Hong-ku, special presidential political assistant, and Kim Tong-hwui, presidential assistant for diplomatic and security affairs, that the North's willingness to hold the summit talks was sensed and that under this atmosphere, there is a great possibility for the holding of the summit talks some time next year, the earliest date possible, the Chongwadae side, since the Pyongyang talks, has hinted that Chongwadae is actively striving to reach an agreement on the pending issue of high-level talks for the early holding of the summit talks.

South Reportedly To Contact North on UN Issue

SK2510113390 Seoul YONHAP in English 1122 GMT 25 Oct 90

[Text] Seoul, Oct. 25 (YONHAP)—The North Korean Government proposed Thursday to have a senior liaison officials contact on Saturday (Oct. 27) to decide the date of a "high-level representatives contact" to discuss Korea's U.N. membership, a government official said. The official, who refused to be identified, said the South Korean Government decided to accept the proposal and inform Pyongyang of the decision Friday.

Despite its decision to have liaison officials contact, he also said the South Korean Government has made up its mind not to agree to the holding of the "high-level representatives contact" if Pyongyang does not show its willingness to discuss simultaneous admissions by South and North Korea into the world body.

"We will agree to the holding of the liaison officials contact. But this does not necessarily mean that we would accept the high-level representatives contact too. Since we have already clarified our position in two rounds of working-level contacts and high-level talks (prime ministers talks) in Pyongyang, we do not feel any need to have more contacts unless Pyongyang shows a change in their position," he said.

North Korea has tenaciously stuck to its proposal for sharing a single seat at the United Nations while South Korea cherished an idea of joining the world body with two separate seats.

Foreign Minister Choe Ho-chung on Wednesday hinted at the South Korean Government's determination to push for U.N. membership regardless of Pyongyang's opposition, saying that Seoul would not tolerate having its U.N. policy further bound by inter-Korean talks.

Official To Meet Counterpart on UN Joining

SK2610052490 Seoul YONHAP in English 0505 GMT 26 Oct 90

[Text] Seoul, Oct. 26 (YONHAP)—The head South Korean liaison official for the inter-Korean high-level talks, Kim Yong-hwan, Friday told his North Korean counterpart, Choe Pong-chun, that he agreed to meet him at the Truce Village of Panmunjom Saturday to consider holding working-level talks to discuss the issue of U.N. Membership.

The South will not agree to hold working-level talks if the North will only discuss its desire for a single Korean membership in the world organization, an official said.

"We have already had two rounds of working-level talks, and the Pyongyang main premiers' talks, in which we have fully explained our position on the U.N. issue. Further discussion is deemed unnecessary unless it is aimed at dealing with matters arising from simultaneous and joint entry into the world body," the official said.

North, South Agree To Prevent Political Asylum

SK2610073590 Seoul CHUNGANG ILBO in Korean 23 Oct 90 P 1

[Excerpt] The North and South Korean Governments have agreed not to provide political asylum to people who are visiting from the other side, agreeing that requests for political asylum may occur in the course of exchanges of civilians between the North and the South which will become more frequent in light of the recent North-South music festival in Pyongyang and the North-South film festival, not to mention the North-South soccer games. The two governments have reportedly exchanged memoranda that guarantee such an agreement.

Such an agreement reached between the authorities of the two sides, according to a report, is based on the assumption that political asylum, which may occur in the course of exchanges of personnel between the North and the South, would not be conducive to maintaining a favorable atmosphere for North-South dialogue.

The government will, however, continue to accept North Korean soldiers or civilians who defect to South Korea, crossing the DMZ, and North Korean students or civilians who seek political asylum in South Korea from East European countries or other third countries.

On 23 October, a high-ranking government official said: "As the exchanges of civilians between the North and the South become more frequent, it is true that there is the possibility that North Koreans visiting South Korea might request political asylum. Of course, the human rights and political views of those who seek political asylum should be respected in principle. However, this also would become a decisive obstacle to North-South dialogue and North-South reconciliation. Accordingly, the government has decided not to grant political asylum to North Koreans in an effort to aid the improvement of North-South relations."

The government official said: "The South Korean authorities have already exchanged sincere views on this matter with the North Korean authorities, and the North Korean side has informed us that it will take similar measures for South Koreans who seek political asylum in the North."

The authorities of the two sides have already put the agreement not to grant political asylum into practice. Seoul issued to Pyongyang documents guaranteeing the safe return of the North Koreans who came to Seoul. Pyongyang also gave similar documents to Seoul for the South Koreans who visited Pyongyang. When the first and second rounds of the North-South high-level talks were held, memoranda guaranteeing a safe return were exchanged between the North and the South in the names of Prime Minister Kang Yong-hun of the Seoul side and Premier Yon Hyong-muk of the Pyongyang side. When the North-South soccer games were held alternately in Pyongyang and Seoul, memoranda for a safe return were exchanged in the names of Home Minister An Ung-mo of the South side and Social Security Minister Paek Hak-nim of the North side. [passage omitted]

Seoul Strives To Install North-South Hot Line

SK2610085290 Seoul SEOUL SINMUN in Korean 26 Oct 90 p 1

[Text] It was learned on 25 October that the government had decided to exert its efforts to reach an agreement, at the third round of North-South high-level talks slated for 11 December in Seoul, on two features. They are the installation of a direct telephone line between the North and South prime ministers and the composition of four subcommittees: a political consultative subcommittee, a military consultative subcommittee, an economic cooperative subcommittee, and a social and cultural consultative subcommittee. The government will do this by further dividing a proposed committee for exchange and cooperation and a political and military consultative committee, which our side proposed to form at the second round of the talks in Pyongyang.

This decision was made by the government because the two sides drastically differ in their positions on accepting a joint declaration of reconciliation and cooperation and a joint declaration of nonaggression. It is considered that acceptance of the composition of four subcommittees and the installation of a direct telephone line will be more feasible and will help ensure substantial success in the high-level talks.

It has also been learned that the government is progressively examining the issue of performing a revolutionary opera, which the North Korean side may propose at the working-level contact for Red Cross talks on 15 November. This is intended to realize the second exchange of art troupes and groups wanting to visit their homes some time around the third round of high-level talks in Seoul.

A high-ranking government official revealed: "An analysis of the second round of high-level talks in Pyongyang by the strategic planning team led by Song Han-ho, vice minister of national unification, indicates that it will be very possible to reach an agreement, at the next round of talks in Seoul, on the composition of subcommittees and the installation of a direct telephone line between the prime ministers, because the North Korean side has not shown any negative response. The analysis of the second round of talks in Pyongyang and draft measures for the third round of talks in Seoul will be submitted soon to the delegates of the talks at their second evaluation meeting.

The official noted: "It will not be easy to reach an agreement on substantial and specific issues at the full-dress high-level talks. It will be desirable for the four subcommittees to discuss the issue of removing the state of political and military confrontation and the issue of realizing multifaceted exchange and cooperation. Then, the prime ministers should reach an agreement on them."

He further said: "The political consultative subcommittee will discuss the issue of ending the mutual slander and defamation and of opening TV and radio programs to the other side; the economic cooperative subcommittee will discuss economic cooperation, including the joint development of Mt. Kumgang; the military consultative subcommittee will discuss the issue of arms reduction and confidence-building; and the social and cultural consultative subcommittee will discuss free visits among dispersed families and exchanges.

He also disclosed that the government is examining the issues of designating delegates to the talks as the chairmen of each subcommittee, of alternately holding a regular meeting in Seoul and Pyongyang, and of holding it at the same time as the convocation of the full-dress high-level talks."

He added: "The government is planning to realize the exchange of visits among art troupes and groups who want to visit their homes before or after the third round of high-level talks in Seoul. Also, the government is positively studying the question of accommodating North Korea's demand for performing its revolutionary operas, including "Flower Girl."

North Reporter Confirms Pak Chol-on's Visit

SK2610010390 Seoul THE KOREA HERALD in English 26 Oct 90 p 2

[From the "Out and About" column: "North Korean Scribe's Greeting Confirms Pak Visited Pyongyang Secretly"]

[Text] "I haven't seen you since I saw you in Pyongyang," a North Korean journalist said, probably confirming a succession of reports that Pak Chol-on visited Communist North Korea secretly as an emissary of President No Tae-u last year.

As Choe Yong-chol made the greeting to Pak, Pak appeared to be very much embarrassed, according to lawmakers who shared a table with Pak at a dinner hosted in honor of North Korean visitors at the Sheraton Walker Hill Wednesday night. Pak did not return greetings, only shaking hands with the northern reporter.

Asked by southern reporters as to when he met Pak, Choe was quoted as saying, "We met in Pyongyang and Beijing several times, but I cannot remember the exact dates." Pressed hard, the North Korean reporter said he met Pak during an international youth festival held in Pyongyang in July last year. When an opposition lawmaker then asked whether Pak really went to Pyongyang, Pak and other government official denied it.

At that time few south Koreans have been authorized to visit the North. Several South Koreans, including coed Yim Su-kyong and Catholic priest Mun Kyu-hyon, have been jailed for their unauthorized trip to Pyongyang. Yim attended the leftist festival as a representative of Chondaehyop [National Council of University Student Representatives], a student group in South Korea, defying a government ban. She and Mun are now serving a five-year prison term.

Reporter's Commentary on North's Way of Life

SK2610012390 Seoul THE KOREA TIMES in English 26 Oct 90 p 2

[By staff reporter Kim Chang-yong]

[Text] A South Korean government official who has visited Pyongyang several times says that North Koreans seem to have been discouraged this time and disinclined to engage in bitter debate on overall issues as for as they are not concerned with "great leader" Kim Il-song, unlike on previous occasions.

"Their attitude has changed from the previous aggressive one on most questions. It made me rather sorry. Even if I tried to provoke them intentionally to test their reaction, they remained cautious," said the official who advised seven delegates to the prime ministers' talks in Pyongyang. He talked about Seoul's economic superiority, the fall of Eastern European countries and establishment of diplomatic relations between Seoul and Moscow.

North Koreans whom he met remained largely calm and just argued that East bloc nations are revising Marxism in a bid to beg the dollar from the "corrupt capitalists" in the West, not denying the robust performance of the South Korean economy. They got upset only when he touched on their unchangeable belief in Kim Il-song and his son "dear leader" Kim Chong-il.

The official presumed that the shift of their mien might stem from the disparity in economic strengths and reforms of the North's allies in Eastern Europe. He particularly cited the East bloc's approaches to Seoul and other Western countries, the falls of their communist leaders and the two Germanys' merger. Is Korea's reunification possible in the way the two Germanys became one nation or in other formulas in this context?

The North has intensified indoctrination programs for its people and cross-surveillance following Kim's longtime friend Nicolae Ceaucescu's toppling in a civil uprising last November. The measures have been further stepped up with the wave of openness and reforms in neighboring Eastern European countries.

"Chuche (self-reliance)" ideology, Kim Il-song's version of socialism, has been given fresh emphasis under the slogan of "Let Us Live in Our Own Way," which appeared around late 1988, while Soviet President Mikhail Gorbachev, the champion of glasnost and perestroika, is widely described as a failed socialist leader.

All the people—from kids to adults—know the Kim doctrine and can reel it off, otherwise they could not survive in the tightly-webbed society. "Romania has suffered defeat as its Communist Party has been disregarded by the people. In striking contrast, our Workers' Party is invincible as it has deep roots in the people," one Pyongyang guide said of the Ceausescu case.

Under another new slogan of reunification, the North Koreans are driven along the sole path of reunification fever and all of them shout it at every formal and informal gathering. They are oriented to believe that the South Korean people are enthusiastic for reunification and only the No Tae-u administration is opposed to the great cause, a tactic through which the government can separate the South Korean government from the people in the course of reunification movement. In this line, Pyongyang attaches greater importance to people-to-people contacts than government-level dialogue to which the South contrarily sticks to.

The scope of the exchange of people is, however, very confined—merely to South Korean dissidents, who they think favor the Kim Il-song regime, or those whom they think they can sway—for instance, a small group of soccer players or musicians.

The North refused to exchange people around the 45th anniversary of the nation's liberation from Japan, proposed by No on July 20. Over 60,000 people applied for authorized visits to the North there. "You press for a opening of our society. It is a revised anti-communism through which you are aiming at eating into our society like West Germany. Do you think the cars which are more in number on your streets than in Pyongyang will bring reunification?" a senior Nodong Sinmun newsman said.

Even if they sit down with South Korean negotiators, their notions are opposed to those of the Seoul officials. When they harp on reunification, they have a unified socialist state in mind. When they speak of peace, they mean a withdrawal of U.S. troops and nuclear weapons from the southern part of the peninsula. Meanwhile, the South is too interested in the arrangement of a No-Kim summit. A rare meeting between Kim and South Korean No. 2 man Kang Yong-hun in Pyongyang last Thursday was fully devoted to that issue.

A four-day glance at the Pyongyang scene did not enable South Koreans to get more than an idea of the North's remarkable reform though more ice cream stalls are in business and the length of women's skirts has shortened. Dancers, clad in white dresses with no sleeves, performed the cancan to rhythmic music by a 15-man band for South Korea guests at a restaurant, Mongnangwan, which is, however open only to top party or Administration Council (cabinet) leaders.

Foreign correspondents said there is a discotheque in Pyongyang but only authorized North Koreans are admitted. Some more changes appear to be emerging. Kim Chong-il, who has a growing say in all the decision-making processes, is taking a more realistic stance and has ordered increased production of 10 daily necessities including edible oil and soap to appease voices for better life.

Paper Assails 'Unrealistic' Reunification Views

SK2510084590 Seoul TONG-A ILBO in Korean 23 Oct 90 p 2

[Editorial: "The Reverse Effect of Those Who Believe That Reunification Takes Precedence Over Everything Else"]

[Text] Reverend Mun Ik-hwan was suddenly freed from Chonju Prison where he was serving a seven-year prison sentence given to him by the Supreme Court. The Ministry of Justice explained that the 72-year-old pastor is qualified for a stay of execution because of his old age and a serious heart problem and therefore cannot continue his prison life. Given the North Korean side's strong call for the release of those who visited the North, including Rev. Mun, at each round of South-North high-level talks, which is one of the North Korean side's three conditions for South-North talks, it is natural for some people to interpret his release as an expression of the government's intent to smooth the way for South-North talks.

Given that Rev. Mun is an old man in his seventies and has a reputation as an off-stage civil rights activist who was frequently thrown into jail under the Yusin dictatorship and again during the dark days of the Fifth Republic for his leading role in the anti-dictatorial struggle, it is true that his imprisonment for nearly one and a half years on charges of making an illegal visit to the North somewhat differs from charges resulting in his previous imprisonments, has upset and frustrated many people. We believe that such a special humanitarian measure should have been taken earlier for the old man in his seventies, whatever crimes he may have committed.

Rev. Mun, a widely known minister and poet, played the role of spokesman by expressing the desire of the off-stage dissidents for reunification in the days that followed the 29 June declaration. Seen in this light, his secret visit to the North that spring and his debates with North Korean authorities over the reunification question, including his meeting with Kim Il-song, an act that went beyond the scope of the existent laws, came as a natural undertaking to those who impatiently hope for reunification, including Rev. Mun himself.

These people's view as such runs the risk of failing to see the shadow on the other side while pursuing the highest good, of failing to see the whole picture of the trends of the times, and of rather blocking the balanced flow of that trends. It is hard to deny that in a sense such a way of approaching the reunification question and understanding the situation is too self-righteous and romantic.

Commenting on his release, Rev. Mun supposedly said:

"Reunification is in perfect tense, not in future tense. With South-North exchanges already started, you might as well say that reunification has practically been achieved."

His sentimental theory on reunification as expressed in the above remarks may be said to have reflected his ardent desire for reunification as a minister and poet, but it is too unrealistic to be a theory on reunification coming from a responsible leader of a sector in our society.

What is more, he is reported to have gone so far as to suggest that "the bold decision by those who visited the North has ultimately led to the South-North high-level talks." His perception that his illegal visit to the North has led to the various forms of South-North exchanges, including the high-level talks now under way, is a jump of logic hard to accept. The direct and indirect causes that have led to the present exchanges between the South and the North all originate in the ideological collapse and the breaking away from the framework of the cold war in the communist countries all over the world, as seen in the Soviet Union's glasnost and perestroyka; the upheavals in the East European socialist countries; the fallout from the changes effected in the Soviet Union; the establishment of the diplomatic ties between Korea and the Soviet Union; the opening of trade offices between Korea and China; and negotiations between North Korea and Japan over the establishment of diplomatic relations. One can hardly understand why the South and North have begun conducting exchanges if one fails to see the inevitable conclusion that North Korea must have arrived at. North Korea must have realized that it can no longer keep its doors closed or remain in the isolationist shell it has built around itself. So, we must clearly understand that it is North Korea's own need and strategy, not the courageous undertaking of an individual like Rev. Mun, that have led to the current South-North exchanges.

This aside, we must lay an effective groundwork for reunification and create an atmosphere for it by expanding even further all manner of South-North exchanges, including the prime ministers' talks. We also want them to clearly realize that the first step toward reunification is to understand how treacherous and difficult it is to reunify the territorial partition and national division that has continued over the past 45 years. This is well expressed in the stark reality that the two sides have not been able to produce a document even after two rounds of talks between prime ministers, the first of their kind since the country was divided. Simple, sentimental, black-and-white reasoning alone is not helpful in understanding what the real stumbling block is on the road to reunification.

What we need most with regard to the reunification question is our effort, not heart, to pool our wisdom and strength to make ourselves appear as a sincere and reliable partner to dialogue in the eyes of North Korea. We all must remember that when our politicians are divisive, our ideology is unraveling, our society is unstable, and our economy is in shambles, North Korea will regard us only as an object to obliterate, terrorize, and place under the control of its communist dictatorship, not as a party to dialogue for reunification.

Those who are so romantic as to believe that reunification takes precedence over everything else are urged to realize that excessively strong indignation and resentment, passion and desire, slogans and fist-wielding will dim their eyesight, eventually blinding them. This in turn will cover up the essence and true picture of the question and can easily be reduced to a toy of truculent, ambitious men and dictators. Such romanticism and passionate slogans are the breeding ground for the dictatorial history of the East and West, past and present. We must understand in a cool-headed way what lies behind the maddening gymnastics display that sends a chill up our spines, which the South once staged with such frenzy and which Pyongyang is passionately indulging in today.

'Secret Agreement' on Cabinet System Made Public

SK2610005990 Seoul THE KOREA HERALD in English 26 Oct 90 p 2

[Text] A copy of a secret agreement on a constitutional amendment for introducing a cabinet form of government, which was signed by President No Tae-u, Kim Yong-sam and Kim Chong-pil, was reported by a daily newspaper yesterday.

The three-point accord was reportedly signed on May 6 this year, shortly before two opposition parties led by the two Kims joined the DJP (Democratic Justice Party) to create the giant Democratic Liberal Party [DLP]. It says that the three will seek constitutional change for a shift in the government system to a parliamentary cabinet form. No concurrently heads the ruling party.

The accord says, "While the historic national convention of the Democratic Liberal Party is approaching, we pledge to sacrifice ourselves for the sake of the state and the party. We resolve as follows.

1. Pursue a parliamentary system of government in which the National Assembly and the cabinet jointly assume responsibility for the people.

2. Change the Constitution to introduce a parliamentary system of government within one year.

3. For this purpose, (we) start work on the constitutional amendment this year.

The agreement is classified as "confidential."

Kim Yong-sam, now executive chairman of the ruling party, said he would not comment about the report. He and his followers expressed embarrassment about the exposure of the secret agreement, according to DLP officials. The government party will attempt to amend the Constitution next year despite strong opposition from opposition parties and dissidents. President No Wednesday told top leaders of the government party not to pursue constitutional change for introduction of a cabinet system this year.

DLP Leaders Move To Defuse Factional Tension

SK2410005190 Seoul THE KOREA HERALD in English 24 Oct 90 p 2

[Text] Ruling party leaders moved quickly yesterday to defuse factional tension touched off by a party lawmaker's harsh criticism of Kim Yong-sam.

Leaders of each faction pledged to exercise restraint, helping to calm the controversy over Rep. Kim Chung-wi's remarks against Kim, the ruling party's executive chairman. Recommended to do so by Secretary General Pak Chun-pyong, Kim visited the executive chairman and apologized for making personal attacks during a party caucus Monday.

During the caucus, Kim harshly criticized the executive chairman regarding the latter's alleged concessions in negotiations with the opposition PPD [Party for Peace and Democracy] over key political issues, including the local autonomy question.

A two-term lawmaker elected from Seoul, Kim even accused the DLP [Democratic Liberal Party] chairman of "kneeling down" before PPD leader Kim Tae-chung. He belongs to the party's largest faction comprising mostly lawmakers from the former ruling Democratic Justice Party. The remarks triggered outcries from Kim Yong-sam followers who form the second largest faction in the DLP, which was inaugurated in February out of the three-party merger.

Party leaders urged party members not to make a fuss over the incident any longer, amid speculation that President No Tae-u, who heads the party, was enraged by Kim's remarks.

Some lawmakers loyal to Kim Yong-sam were said to have considered punitive measures against Kim Chung-wi. But they did not go that far, apparently aware that renewed factional feuding would not be in the interests of themselves nor the party.

The executive chairman was called on by Kim while he was meeting party chairmen, Kim Chong-pil and Pak Tae-chun, over the incident. Emerging from his meeting with the executive chairman, Kim Chung-wi said, "It is not unusual for a party lawmaker to explain what he said or to offer an apology." The controversy showed signs of calming down, but it seems to have contributed to making factional relations uneasier, particularly between Kim Yong-sam followers and his opponents.

Kim Chung-wi belongs to the "TK" faction which groups natives of Taeguk who graduated from Kyongpuk High School. Kim, Elected to the National Assembly from Seoul's Kangdong district in April 1988, said the PPD leader fasted to appeal to the grass roots and broaden their support for him. "But what has our party done?" he asked. Reps. Kang U-hyo and Yi Hae-ku also joined Kim Chung-wi in assailing Kim Yong-sam for "giving too much to the opposition."

Followers of Kim Yong-sam, however, defended him, saying that he acted to break through the political impasse which has continued since July when all the opposition lawmakers tendered their resignations en masse. As the atmosphere got tense, Kim Yun-hwan, the DLP floor leader, hastily declared the caucus closed. Speaking to reporters yesterday, Kim said it was hard for his party to link the question of local elections with the possible introduction of a cabinet system of government. The ruling party is in favor of a cabinet system while the PPD is demanding a presidential system.

In a news conference held in Pusan Saturday, Kim Yong-sam said his party would not seek constitutional change "as long as the people and the opposition oppose it." PPD officials say Kim promised not to attempt to amend the basic law when he visited Kim Tae-chung Oct. 11.

DLP Not To Discuss Cabinet System in 1990

SK2410065790 Seoul YONHAP in English 0634 GMT 24 Oct 90

[Text] Seoul, Oct. 24 (YONHAP)—The top four men in the ruling Democratic Liberal Party (DLP) agreed Wednesday not to discuss on whether to adopt a cabinet system of government this year. President No Tae-u stressed that the DLP should not engage in disputes until the end of the year, Executive Chairman Kim Yong-sam said after a meeting at Chongwadae, the presidential residence. Co-Chairmen Pak Tae-chun and Kim Chong-pil were also present.

Installing a parliamentary system by revising the Constitution was a hot issue in a DLP caucus on Monday and factions of the patched-together party are engaged in a battle on the issue.

The DLP is the product of an unprecedented merger of No's Democratic Justice Party, the Reunification Democratic Party of Kim Yong-sam and the New Democratic Republican Party of Kim Chong-pil in February. The DLP leaders shared the view that making the cabinet system an issue this year was unwise as there are more urgent tasks such as stabilizing prices and fighting crime, Kim Yong-sam said. It was confirmed that political parties should be allowed to put up candidates only in elections in large-sized units such as special cities and provinces.

The ruling party maintains that party participation in "basic local organizations" such as ordinary cities and counties should be banned while the Party for Peace and Democracy (PPD) insists on full participation by political parties in local elections. The executive chairman said establishing order and discipline in the ruling party was the most urgent task and that No shared his view. Some DLP lawmakers have attacked the former opposition leader for recent remarks concerning constitutional revision. Kim hinted that the DLP would operate the National Assembly alone from next month if the PPD refused to return.

All the opposition lawmakers have offered to resign and demand that the DLP accept demands for the full and immediate implementation of local autonomy and three other conditions before they return. "We cannot let the National Assembly remain idle indefinitely, it must deliberate the budget and other bills related to the people's livelihood," he said. The top leaders also agreed that No and PPD leader Kim Tae-chung should meet after the PPD returns to the assembly.

Daily Views DLP Discord Over Cabinet System

SK2610014590 Seoul THE KOREA TIMES in English 26 Oct 90 p 6

[Editorial: "Dispute Over Cabinet System']

[Text] The leadership of the ruling Democratic Liberal Party [DLP] has made the right decision to shelve debate over the introduction of the parliamentary cabinet system at least until the end of this year. The measure is clearly intended to prevent further intra-party factional bickering over the type of government after the 1993 presidential election.

In a meeting at Chongwadae Wednesday, President No Tae-u, DLP executive chairman Kim Yong-sam and Kim's two co-chairman—Kim Chong-pil and Pak Tae-chun—shared the view that the ruling party instead should devote itself to restoring social stability within the years as President No promised to the people in his recent television interview.

It is appropriate that the DLP leaders agreed to put the lid on argument over the government system in the present political, economic and social situation, in view of the fact that the DLP debate is far from being a national concern.

The DLP dispute over the form of future government was a mistake from the outset, since the issue is the product of a secret agreement among No and two Kims which was made a condition for the merger of the ruling party and two opposition parties early this year. Also it is inopportune for the three parties to promote a constitutional revision to allow a cabinet government, because the present presidential system was adopted only three years ago after a two-decade long suspension of democratic, multi-party elections.

The DLP plan, as a matter of course, faced stubborn resistance from the opposition forces, notably from the main opposition Party for Peace and Democracy [PPD]. PPD president Kim Tae-chung had no reason to accept at DLP-initiated cabinet government, considering that he stands a fair chance in the presidential election under the present political structure, particularly since his ex-archrival Kim Yong-sam joined the ruling camp.

As for Kim Yong-sam, he has been inclined to retreat from his previous accord with President No and other DLP factional leaders on the cabinet system plan designed to divide power between a ceremonial president and stronger prime minister. Kim seems still attached to the presidential system, though he was defeated by a narrow margin by No in the 1988 presidential election.

Kim's fondness for the presidential system has often come under fire from the other DLP factions, that is, the ex-ruling majority force and Kim Chong-pil's followers, for his breach of the tripartite merger guideline on the cabinet format of government. In particular, his reported agreement not to promote the cabinet system with his opposition rival Kim Tae-chung has touched off a fierce controversy in the ruling DLP.

Factional misgivings against Kim Yong-sam exploded when Rep. Kim Chung-wi, former ruling party member, criticized him in a recent party caucus. The lawmaker was later censured by President No for his personal attack on the executive chairman and dismissed from his post as the chief of the DLP Seoul chapter.

The top leaders of the DLP, thus have ostensibly succeeded in patching up their discord for the present. But this is no doubt only a stopgap measure, effecting a temporary ceasefire among the warring factions and leaving the possibility of an outburst at any time. This is especially so, granted that the restraint on argument for the cabinet system means that the party will allow full-fledged debate over the problem from next year, something which will surely trigger earnest intra-party strife as well as acute confrontation with the opposition as a whole.

Election Issue To Be Resolved at No-Kim Summit

SK2510004390 Seoul THE KOREA HERALD in English 25 Oct 90 p 2

[Text] The opposition Party for Peace and Democracy [PPD] officially proposed yesterday that interparty differences regarding local council elections be settled in a meeting between President No Tae-u and party leader Kim Tae-chung. No concurrently heads the ruling Democratic Liberal Party (DLP).

The government party has agreed to allow party nominations in large cities and provinces, but remains opposed to the opposition demand that parties be also authorized to put up candidates in small administrative units.

Kim Yong-pae, floor leader of the main opposition PPD, told reporters that he proposed No-Kim talks for the resolution of the sticky issue, when he met Kim Yun-hwan, his DLP counterpart. "It is undesirable that both parties delay the normalization of the political situation because of the disagreement over only one issue regarding party nominations in lower-echelon districts," he said. He said Kim Yun-hwan responded favorably to his proposal. However, the DLP floor leader suggested that interparty differences be hammered out before No and Kim meet, Kim Yong-pae said.

The rival parties have been trying to arrange a meeting between President No and Kim Tae-chung to help break the political impasse which has been present since July when all the 78 opposition lawmakers tendered their resignations. The government party also would not accept the PPD's demand that party nominations be tolerated in elections for local administrative chiefs. Besides, the two parties differ over the timing of elections for local administrative chiefs. The DLP urges that such elections be held within a year after local council elections, expected early next year. The PPD, however, asks that elections be held within a year after local council elections, expected early next year. The PPD, however, asks that elections take place before the next National Assembly elections or be held to coincide with the parliamentary elections in early 1992.

Meanwhile, Kim Tae-sik, PPD spokesman, said that the PPD would not accept a cabinet form of government in exchange for party nominations in local elections at all levels. The ruling party is in favor of a cabinet system, while the PPD prefers a presidential system. Many lawmakers of the government party demand that their party yield to the PPD demands related to local elections only after the opposition party agreed to constitutional change for a cabinet system of government. They revealed their intentions during a stormy caucus of lawmakers Monday.

Maverick PPD Lawmakers Seek Opposition Merger

SK2610005190 Seoul THE KOREA TIMES in English 26 Oct 90 p 2

[Text] Maverick lawmakers of the Party for Peace and Democracy [PPD] fed up with the negotiations for an opposition merger that have led to nowhere, decided to take independent action by pressing party leaders to adopt their progressive merger formula. Yesterday they urged party leaders to accept their "compromise" proposal so as to invigorate the stalled drive for opposition unity, involving the PPD, the Democratic Party [DP] and dissident groups.

Ten legislators of the major opposition party met over dinner and decided to continue efforts for a merger. They threatened that if the party leaders do not meet their demands, they will stage "systematic action" to rally support through a signature-collecting campaign. The lawmakers include Cho Yun-hyong, No Sung-hwan, Son Chu-hang, Chong Dae-chol, Yi Sang-su, Yi Hae-chan and Yi Kyo-song.

The compromise merger formula put forth by the group features a unified opposition party headed by three co-leaders. The leader of the dissident group is to become representative leader." The formula stated that the representative is to serve a two-year term but can be replaced by a special national convention before his term ends.

Meanwhile, PPD Reps. Yi Sang-su and Yi Hae-chan met yesterday with DP lawmakers Kim Chong-kil, Yi Chol and No Mu-hyon and outlined their suggestions to them so they could brief DP leaders.

Hope for Three-Way Opposition Merger Fades

SK2610005390 Seoul THE KOREA HERALD in English 26 Oct 90 p 2

[By staff reporter Kim Chong-chan]

[Text] Hopes for a "giant" opposition party appear to be fading away. A preparatory committee for a merger of three opposition groups, inaugurated two months ago, may be dissolved sooner or later.

The Rev. Kim Kwan-sok, chairman of the 15-person committee, stepped down yesterday, holding himself accountable for the failure to achieve the merger. The three-way negotiations have bogged down as to the leadership formula of the proposed merger. The three parties involved are the main opposition Party for Peace and Democracy [PPD], the minor opposition Democratic Part [DP] and a coalition of dissidents headed by Rev. Kim.

The PPD insisted that its leader Kim Tae-chung lead a unified opposition party at least until the next National Assembly elections in early 1972.

But the DP insisted that its leader Kim Tae-chung lead a unified opposition party at least until the next National Assembly elections in early 1992. But the DP urged that a merged party be headed by a third person by that time.

The PPD with 70 parliamentary seats in the 299-seat Assembly snubbed a compromise proposal advanced by Rev. Kim's coalition, which called for a collective leadership system consisting of Kim Tae-chung, DP leader Yi Ki-taek and the pastor until after the parliamentary elections are held. PPD mainstreamers, loyal to Kim Tae-chung, contended that a collective leadership would weaken the powers of Kim in a merged party. The splinter DP, with eight parliamentary seats, responded favorably to the bid.

Some members of the three groups still want to continue efforts to realize the proposed merger. Yi Ki-taek told reporters yesterday that his party will "grope for common ground" for compromise. He, however, presented no concrete steps to revive efforts for a unified party. He merely said he thinks that liberal-minded legislators of the PPD and some members of the Rev. Kim-led coalition are in favor of a troika of the proposed party.

Nonmainstreamers of the PPD denounced the party's mainstreamers for having little interest in the proposed opposition merger. They contended that the mainstreamers have been spending much energy to pursue a settlement of interparty negotiations on local elections. The nonmainstreamers like Reps. Cho Yun-hyong, a vice speaker of the National Assembly, Yi Sang-su, No Sung-hwan, Yi Hae-chan and Chong Tae-chol, urged that the party leadership continue efforts to realize a merger before party lawmakers return to the National Assembly.

The 78 opposition legislators have been boycotting parliament since July when the ruling Democratic Liberal Party railroaded several controversial bills through the Assembly. Compounding the situation, the preparatory committee for the proposed merger was divided into two groups.

One led by Rev. Kim asked that the DP should assume responsibility for the failure to realize a merger as it rejected a compromise proposal by the committee that there be open competition to choose the leader of a mergered party. The other group, including Yi Pu-yong, a prominent dissident, however, insisted that the compromise bid was in favor of the PPD.

Kim Tae-chung, who apparently wants to run for the president again in late 1992, is anxious to lead a unified opposition group. He particularly desires to broaden support among residents of Kyongsang provinces with Yi rallying behind him. Yi, based in Pusan, is said to be popular among some segments of the residents. However, Yi and his party legislators are concerned that a party led Kim would lead them to lose the next elections.

Kim Yong-sam, Cabinet System Agreement Examined

SK2610082690 Seoul YONHAP in English 0810 GMT 26 Oct 90

[By Hong Sang-pyo]

[Text] Seoul, Oct. 26 (YONHAP)—Feuding within the ruling party flared up again on Friday, this time over a secret pact between top party leaders to adopt a parliamentary cabinet system of government. The accord was signed May 6 by President No Tae-u, head of the Democratic Liberal Party (DLP), Kim Yong-sam and Kim Chong-pil, two of the DLP's three co-chairmen, just before a DLP convention formalized the merger of their parties, a Seoul daily recently reported.

Senior DLP officials have confirmed the report on the secret agreement, which Kim Yong-sam had long denied the existence of. Kim has been publicly opposed to a parliamentary government. The disclosure comes as the factions headed by No and the two Kims are seriously at odds over the cabinet system, provoking disputes and conflicts inside the ruling party and in relations with the opposition parties.

It is thought that No's faction, mostly drawn from the old ruling party, or Kim Chong-pil's faction, leaked the document to force Kim Yong-sam to keep his promise to toss out the presidential system and replace it with a cabinet system. Kim Yong-sam is angry the secret was let out because it makes him look like a liar as he consistently denied the existence of a written deal. Followers of Kim Chong-pil and No want a cabinet system and have tried to start debate on constitutional revision, but were frustrated by Kim's strong opposition.

No recently told the two Kims and Pak Tae-chun, the third co-chairman, that he was determined to push for a cabinet setup from early next year but wanted the subject buried until then to avoid feuding while the nation faced serious political, social and economic difficulties.

Kim Yong-sam did not deny the DLP may formalize discussion on adopting a cabinet system next year, but aides said he stands by his objection to the system. He has said it is impossible to revise the constitution "as long as the people and opposition parties are against it."

Kim Tae-chung's Party for Peace and Democracy (PPD) and the Democratic Party pounced on the DLP as soon as the pact was exposed and called on Kim Yong-sam, the DLP executive chairman, to explain why he had denied its existence.

The PPD leader is strongly opposed to a cabinet government, apparently because he fears it may reduce his chance of becoming president. Renunciation of the cabinet system was one of Kim's key conditions for normalizing politics, which have been crippled since July, when opposition lawmakers submitted their resignations from the National Assembly to protest the ruling party's unilateral passage of bills.

In the accord, which the CHUNGANG DAILY NEWS published on Thursday, No and the two Kims agreed to rewrite the constitution for a shift to a cabinet form of government. They agreed to change the constitution and system of government within 12 months, starting work on the constitutional amendment this year. Kim Yong-sam, the no. 2 man in the DLP after No, may try to nullify the agreement despite strong calls by other factions to honor it on the ground that things have changed, analysts say.

Proposed Gulf Move

SK2610011890 Seoul YONHAP in English 0051 GMT 26 Oct 90

[Text] Seoul, Oct. 26 (YONHAP)—South Korea intends to tell Japan of its "deep concern" about a move to send Self Defense Force [SDF] troops to the Persian Gulf and ask for prudence in a working-level meeting Friday, Korean Foreign Ministry officials said.

Meeting in Tokyo, Kim Chong-ki, director-general for Asian affairs at the ministry, will tell his Japanese counterpart, Sakutaro Danino, that Korea, having been a victim of Japanese aggression early this century, cannot but feel deep concern at Japan's move to send troops to the Gulf and fear that it will lead to the revival of Japan as a military power. Foreign Minister Choe Ho-chung has also expressed "deep concern" about the deployment and several other Asian governments voiced concern.

On relations between Japan and North Korea, Seoul will tell Tokyo that ties should be improved after North Korea meets such conditions as joining the nuclear safeguards agreement of the International Atomic Energy Agency and progress as achieved in inter-Korean dialogue. Any improvement in Tokyo-Pyongyang ties should be conducive to opening North Korea and easing tension on the Korean peninsula, the officials said.

The one-day meeting will also cover socio-legal discrimination against resident Koreans in employment by Japan's government institutions and the legal status of first- and second-generation Koreans.

The status of first- and second-generation Koreans is a thorny issue between the neighboring countries, as they are treated as foreigners but they or their parents were taken to Japan against their will when Korea was a Japanese colony in 1910-45.

Korea To Lower Dependency on Middle East Oil

SK2410011390 Seoul YONHAP in English 0049 GMT 24 Oct 90

[Text] Seoul, Oct. 24 (YONHAP)—South Korea plans to lower its dependency on Middle Eastern petroleum to 65 percent in a few years, from the present 75 percent of oil imports, Energy and Resources Minister Yi Hui-il said on Wednesday. It will seek to cut dependency on oil for energy to 45 percent from 53.7 percent, while atomic reactors and coal-fired power stations will supply 86 percent of Korea's electricity, up from 63.7 percent, Yi said.

He told a breakfast meeting of leading businessmen that exploitation of new oil sources would be expedited to meet 20 percent of the nation's petroleum needs. Currently, 3.4 percent of the nation's oil, all of which is imported, comes from joint development of oil sources.

As long as the import price of petroleum is between 25 U.S. dollars and 27 dollars a barrel this year, the government will maintain consumer prices, but it will adjust prices next year by raising the special consumption tax on refined products, Yi said.

He said the government might make it compulsory for private institutions to have emergency reserves of oil and gas, and would establish energy research centers at a few graduate schools to promote development of solar energy and power cells.

First Soviet Crude Oil Received at Ulsan

SK2610012690 Seoul YONHAP in English 0105 GMT 26 Oct 90

[Text] Ulsan, South Korea, Oct. 26 (YONHAP)—The first crude oil to arrive in South Korea from the Soviet Union since the two nations established diplomatic ties late September has reached the port of Ulsan.

A spokesman for the importer, Yukong Co., said Friday that the Soviet tanker "Academic Semenov," carrying 108,000 barrels of Sakhalin crude, put in at Ulsan, 300 kilometers southeast of Seoul, Thursday afternoon. Yukong signed the contract for the oil in mid-October, and will receive 100,000 barrels of Soviet bunker crude oil on Oct. 31. The 19,800-ton vessel left Sakhalin on Oct. 17 and is due to sail for home Saturday, he said.

Restrictions on USSR Travel To Be Lifted

SK2510120890 Seoul YONHAP in English 1159 GMT 25 Oct 90

[Text] Seoul, Oct. 25 (OANA-YONHAP)—The South Korean Government plans to liberalize travels by its citizens to the Soviet Union as the two countries established full diplomatic ties, a government source said Thursday.

The government will exclude the Soviet Union from the list of communist countries which South Koreans are able to visit only when they get government permissions, the source said. The communist countries are the Soviet Union, China, Vietnam, Laos, Cambodia, Albania, Cuba and Afghanistan.

"There is no need to restrict trips to the Soviet Union any longer, as the two countries normalized their relations," said the source, adding that the government will revise guidelines on exchanges with the communist countries in November to liberalize Koreans' trips to the Soviet Union after consultations between pertinent government ministries and agencies.

The government, however, will not lift restrictions on trips to China as the two countries have yet to set up diplomatic ties, even though Seoul and Beijing are moving toward improving mutual relations, he said. Seoul and Moscow agreed on ambassador-level diplomatic ties in their foreign ministers' talks on Sept. 30 in New York.

KAL's Monopoly on Some Air Routes Ended

SK2510095190 Seoul YONHAP in English 0738 GMT 25 Oct 90

[Text] Seoul, Oct. 25 (YONHAP)—Asiana Airlines will soon get government permission to join Korean Air (KAL) on all international routes except to Europe, Australia and Canada. The Government will give Asiana the go-ahead in the next three years, ending KAL's monopoly of the air routes, Transportation Minister Kim Chang-sik announced on Thursday.

The government will allow KAL to serve all countries in the world while limiting Asiana to the United States, Japan and Southeast and Southwest Asia, he said. Flights to the Soviet Union and China will be decided separately.

New routes to Japan and Southeast Asian destinations will be distributed 2-to-1 in favor of Asiana and equally to the United States and Southwest Asian countries. The Ministry will give KAL exclusive rights to Europe, Australia and Canada.

The Ministry expects KAL and Asiana to serve side by side on 12 routes—four to Japan, five to Southeast Asia and three to the United States. Asiana will have the preferred right in the number of weekly flights on routes flown by both airlines.

Of the three routes Korea has agreed to open with Japan, KAL will have one and Asiana will take two. On other Asian routes that are to be expanded, the government plans to give 15 flights to Asiana and three to KAL.

The Seoul-Hong Kong route will have four more weekly flights, three of them for Asiana. Of five new flights to Taiwan, Asiana will take four, and all three additional flights to Singapore will be awarded to Asiana, according to the Ministry. Korea has tentatively agreed with Thailand to add seven flights by 1992, and Asiana will have five of them.

The government also announced new regulations that require KAL and Asiana to get approval three months before signing contracts to purchase aircraft.

Government, UK To Expand Airline Services

SK2510024090 Seoul YONHAP in English 0219 GMT 25 Oct 90

[Text] Seoul, Oct. 25 (YONHAP)—South Korea and Britain agreed Wednesday to open the air route between their nations to additional airlines from the two nations and to open additional airports in Korea, the Foreign Ministry said Thursday. Korean and British Government officials reached the accord at the bilateral air talks in London on Tuesday through Wednesday.

The route had been open only to British Airways and Korean Air and had been limited to Kimpo International Airport in Seoul, the ministry said.

CSFR Foreign Minister Arrives in Seoul

SK2610011390 Seoul THE KOREA HERALD in English 26 Oct 90 p2

[Text] Foreign Minister of Czechoslovakia Jiri Dienstbier flew into Seoul yesterday for a four-day official visit, accompanied by Zdenek Matejka, deputy minister of foreign affairs, Jan Lisuch, director of the Sixth Territorial Department, Marie Kostalova, director for international economic cooperation, and five other officials.

While in Seoul, Dienstbier will have talks with Minister Choe and discuss ways of promoting cooperation between Korea and his country, a ministry spokesman said. He and Choe are to sign accords on civil aviation and trade and economic cooperation today. The Czechoslovak will also pay a courtesy call on President No Tae-u and have talks with Deputy Prime Minister Yi Sung-yun, the spokesman said. Minister Dienstbier called on National Assembly Speaker Pak Chun-kyu yesterday afternoon.

Signs Trade, Air Agreement

SK2610045690 Seoul YONHAP in English 0428 GMT 26 Oct 90

[Text] Seoul, Oct. 26 (YONHAP)—South Korea and Czechoslovakia concluded an air services agreement and a trade and economic cooperation pact Friday, the foreign ministry said. Foreign Minister Choe Ho-chung and visiting deputy prime minister and Foreign Minister Jiri Dienstbier signed the two agreements, the ministry said.

Under the air agreement, which took effect with the signing, the two nations will permit designated airlines to inaugurate services between Seoul and Prague. The timing was not determined.

Under the trade pact, which will take effect after domestic procedures are finished in each capital, the two nations grant each other most-Favored-Nation status in trade and will cooperate in various fields, including commerce, finance and agriculture.

Choe briefed Dienstbier on the South Korean position on inter-Korean relations and asked his cooperation in joining the United Nations, either with North Korea or alone. During his stay until Sunday, the Czechoslovak minister is due to pay a courtesy call on President No Tae-u. The two nations established diplomatic relations March 22, and two-way trade amounted to 102 million U.S. Dollars in 1989.

Addresses UN Issue

SK2610074590 Seoul YONHAP in English 0735 GMT 26 Oct 90

[Text] Seoul, Oct. 26 (OANA-YONHAP)—Czechoslovakia fully supports both South and North Korea in their incompatible bids for U.N. membership, the Czech foreign minister said on Friday.

Jiri Dienstbier, who is also deputy prime minister, told a news conference he hoped for early reunification of Korea but declined specific comment, saying that as a third party he was not well enough informed to evaluate the current inter-Korean situation.

The highest-ranking Czech official to visit South Korea since the two countries established diplomatic relations in March, Dienstbier noted that in a speech to the U.N. General Assembly in New York he had said his country would extend full support if South and North Korea apply for entry into the world body.

Socialist market structures are collapsing throughout the world, Dienstbier said, and so Czechoslovakia will seek a new economic relationship with North Korea for their mutual benefit. Czechoslovakia has opportunities for profitable investment, he said, predicting joint ventures in telecommunications, the machine industry, textiles and shoemaking would be especially lucrative.

Dienstbier and South Korean Foreign Minister Choe Ho-chung signed agreements on air service and on trade and economic cooperation, including mutual most-favored nation treatment. On behalf of Czech President Vaclav Havel, he invited President No Tae-u to visit Prague.

Government Forms Policies To Boost Industry

SK2510014890 Seoul YONHAP in English 0023 GMT 25 Oct 90

[Text] Seoul, Oct. 25 (YONHAP)—The government will ease credit control and will strengthen policy support for manufacturing industry to attain an economic growth of 7 percent in real terms in 1991. It will also give policy priorities to stabilizing the livelihood of farmers, fishermen and poor urban residents while minimizing the impact of the Uruguay Round of multilateral trade negotiations on the domestic economy.

These will be the major directions of economic policies for next year Deputy Premier-Economic Planning Minister Yi Sung-yun will report to President No Tae-u Thursday afternoon in an economic ministers meeting at the presidential office. On hand at the meeting will be Finance Minister Chong Yong-ui, Agriculture, Forestry and Fisheries Minister Cho Kyong-sik, Trade-Industry Minister Pak Pil-su, Construction Minister Yi Sang-hui, Energy-Resources Minister Yi Hui-il and Labor Minister Choe Yong-chol.

The deputy premier is expected to reaffirm his board's position of not raising domestic oil prices by the end of this year, for all the crude price hike triggered by the Persian Gulf crisis. The Economic Planning Board predicts the consumer price would soar 9 percent next year and the current account deficit to between 1.5 billion U.S. dollars and 1.7 billion dollars.

The deputy premier, six economic ministers and the senior presidential secretary for economic affairs huddled together Wednesday and reviewed the current situation of the national economy and pondered on policy measures for next year.

Amid sluggish export and ever-growing import, Korea is expected to suffer a 5 billion dollar trade deficit this year, the first setback since 1986, and officials worry if the trend would continue next year.

Dependence on Japanese Parts, Materials Lessens

SK2610051890 Seoul YONHAP in English 0449 GMT 26 Oct 90

[Text] Seoul, Oct. 26 (YONHAP)—South Korea's trade deficit with Japan is widening even as its dependency on Japanese parts and materials is dwindling, the Trade and Industry Ministry said Friday.

When Korea's desperate drive to localize machinery and parts began to pay off in 1988, its dependency on Japanese parts stood at 43.6 percent. The rate declined to 41.5 percent in 1989 and 36.8 percent during the first eight months of this year, the ministry said. The decrease is most outstanding in the automobile industry, where dependency on Japanese parts dropped from 76.7 percent in 1988 to 65.7 percent in 1989 and 58.6 percent this year. And the electronic-electric industry saw a decrease from 53.5 percent in 1988 to 50.8 percent in 1989 and 48.25 percent this year. In the case of materials, dependency on Japanese steel has fallen from 42.9 percent in 1988 to 36.2 percent in 1989 and 31.1 percent in January-August this year.

The drive to localize materials and parts seems to be faltering in the textile industry, however, where dependency on Japanese materials has gone up from 34.5 percent in 1988 to 34.8 percent in 1989 and 37.9 percent during the first eight months of this year. The ministry said 1,601 of 3,364 parts and materials had been localized, bringing an estimated financial gain of 5.7 billion U.S. Dollars to the domestic industry. The ministry said it would push ahead with the localization drive, taking various policy measures to expedite technological development.

Direct Trade With China Continues To Rise

SK2410010990 Seoul THE KOREA HERALD in English 24 Oct 90 p 6

[Text] Korea's trade with China, albeit increasing at a slower tempo than those with East European countries, has grown to account for two-thirds of this country's total East bloc trade. Korean exports have been rather sluggish since 1988 owing to China's austerity program, while Beijing's export drive policy has sharply increased Seoul's imports, officials said at the Ministry of Trade and Industry yesterday.

As of the end of July, Korean exports fell 9.9 percent to $815 million from a year earlier, while imports soared 12.5 percent to $1,098 million, bringing the total trade volume to $1,913 million, up 1.7 percent. The trade imbalance was $283 million in favor of China.

Notable in the trade pattern change was the sharp rise in direct trade, which represented 51.1 percent of the total, compared with similar ratios of 33 percent in 1988 and 39.2 percent last year, the officials said. The portion of direct imports also soared from 39.3 percent to 46.6 percent and to 62.6 percent over the cited period.

The shipment decline in electric and electronic appliances and parts has shrunken overall exports, while the steep rise in crude oil and cement imports paced the overall import climb. Imports of textiles and feed grain dropped.

Korea's investment in China, meanwhile, was valued at $29 million for 32 projects on an outstanding basis, of the total $69 million for 52 projects approved by the government, they said. The bulk of China investments have been made in light industries with a per-project amount of $1 million or less. China, which has recently agreed to exchange trade offices with Korea, is the fifth largest trading partner of Seoul.

Small Businesses Entering Foreign Markets

SK2610032190 Seoul YONHAP in English 0258 GMT 26 Oct 90

[Text] Seoul, Oct. 26 (YONHAP)—Small businesses are making their way into foreign markets, particularly in communist nations, according to a report by the Korea Federation of Small Business (KFSB) released Friday.

Small- and medium-sized businesses had exports of 17.802 billion U.S. Dollars in January-August, up 5.9 percent from the corresponding period last year to 44 percent of total Korean exports, the KFSB report said. In the same period, exports to socialist nations, including China and the Soviet Union, soared 83.5 percent to 458 million dollars, the report said. Exports in August totaled 2.6 billion dollars, up 17.9 percent from the same month last year, a sure sign of recovering exports, it said.

The increase is in striking contrast with big firms, which saw exports fall 13.5 percent in August and 0.9 percent in January-August because of sluggish demand for textiles, steels and metals.

Small businesses still show vulnerability in exploring overseas markets to set up their own sales networks, which is why direct exports in the eight-month period rose 0.2 percent and indirect exports, mostly through general trading firms, climbed 22.5 percent.

Exports to Asia grew 2.3 percent despite sluggish demand in Japan, to Europe and the United States they rose 4.9 percent, while shipments to the Middle East fell 0.6 percent due to the Persian Gulf crisis.

Exports of chemical products rose 40.1 percent, steels and metals 19 percent, electric and electronic items 12.7 percent and miscellaneous consumer goods 9.4 percent, but primary products were in the doldrums along with plastic, rubber and leather goods.

High Crude Prices To Cause Lower Growth Rate

SK2610020290 Seoul YONHAP in English 0150 GMT 26 Oct 90

[Text] Seoul, Oct. 26 (YONHAP)—The South Korean economy will expand 7 percent next year, lower than the 8.3 percent estimated for this year, because of high crude oil prices, President No Tae-u was told Thursday afternoon.

The trade deficit will be 6 billion U.S. dollars, up from this year's estimated 5 billion dollars, and inflation will be pegged at 8-10 percent, Economic Planning Minister Yi Sung-yun reported to the president in an economic ministers' meeting at the presidential office Chongwadae.

Yi, who is also deputy prime minister, said the government would use financial and tax supports to help the manufacturing industry. He said the government will draw up a 10-year agricultural plan to cope with the result of the ongoing Uruguay Round of trade negotiations.

Oil prices may be raised this year if the average import price of crude rises above 25 dollars a barrel, the current account deficit will increase from 1.5 billion dollars this year to 2 billion dollars, and increases in the amount the government pays farmers for their rice will be held below 10 percent, Yi reported to No.

No said the government must swiftly meet changes in external and internal economic circumstances because slow policy adjustment could deepen economic distortion. "I find that our efforts to adjust ourselves to rapidly changing economic environments are not enough while other nations have swiftly coped with them," No told his economic ministers, who include Finance Minister Chong Yong-ui, Trade and Industry minister Pak Pil-su agriculture, Forestry and Fisheries Minister Cho Kyong-sik, Labor Minister Choe Yong-chol and Energy and Resources Minister Yi Hui-il.

Sources said the president urged economic policy-makers to rapidly reflect changing oil prices in domestic oil prices, which have not risen since the invasion of Kuwait in August. No also instructed his ministers to stringently deal with real estate speculation and said, "whether it is under control or not is a cornerstone of social and economic stability."

Insurance Companies Seek PRC, USSR Clients

SK2610030790 Seoul YONHAP in English 0236 GMT 26 Oct 90

[Text] Seoul, Oct. 26 (YONHAP)—South Korea's non-life insurance companies are actively seeking to open up the Soviet Union and China, which have growing economic exchanges with Korea, a business source said Friday.

Lucky Insurance Co., a subsidiary of the Lucky-Goldstar Business Group, signed a business cooperation agreement on reinsurance with the People's Insurance Corp. of China (PICC), a state-run insurance company, in Beijing last week, the source said. The agreement covers exchanging reinsurance arising from trade and investments. Picc will make reinsurance contracts with Lucky on properties insured by Korea-China joint ventures in China. Policies for reinsurance include construction fabrication, properties and reliability for reparation, the source said.

Ankuk Fire and Marine Insurance Co., a subsidiary of the Samsung Business Group, is seeking a similar agreement with a state-run Soviet insurance company that exclusively conducts insurance with foreign countries, the source said. Ankuk is likely to contract 15 million dollars of insurance for constructing and repairing the Sports Hotel in Moscow, it said.

Other Korean insurance companies such as Hyundai Marine and Fire Insurance Co., a subsidiary of the Hyundai Business Group, Oriental Fire and Marine Insurance Co. and the Korea Automobile Insurance Co. are seeking to advance into the insurance markets in the Soviet Union and China, the source said.

Special Teams, Army Join No's Crime Fight

SK2610071990 Seoul YONHAP in English 0707 GMT 26 Oct 90

[Text] Seoul, Oct. 26 (YONHAP)—The South Korean Government has formed four special inspection teams and called in the army to reinforce a 13-day-old war on crime.

The teams, each comprising one official from the president's office, one from the prime minister's office and two from the Board of Audit and Inspection, on Friday began to inspect the progress of the nationwide war declared by President No Tae-u. The teams will also encourage officials to take steps to help No keep his May 7 promise to achieve political, economic and social stability by the year-end.

One team is headed by Sin Yang-ho, presidential secretary for National Defense Administration, and will cover the Seoul area. The team headed by Yi Hang-kyun, presidential secretary for economic affairs, will cover the region around Inchon and Kyonggi. The team led by Yom Hong-chol, presidential secretary for political affairs, will take the region around Taejon and Kwangju. The team headed by Sin U-chae, presidential secretary for information, will work around Pusan and Taegu.

"The teams will help city and provincial administrations conform to No's call for stable living conditions and will collect information for further policy measures in that direction," an official in the presidential office said. He added the teams will check the on-the-spot operation of officials instead of studying documents.

Troops from the capital garrison command have been assigned to high-crime areas and Rep. Kim Tae-sik, spokesman for the Party for Peace and Democracy, demanded Friday that they be instantly withdrawn.

"The mobilization of military forces not in a war or under martial law but in normalcy will scare the people and will gravely affect the social environment for democratic development. Military forces being deployed in vulnerable areas should be pulled out instantly," he said.

Burma

Troops Continue To Raid Monasteries, Find Rice

BK2510163290 Rangoon Domestic Service in Burmese 1330 GMT 25 Oct 90

[Text] Following the issuance of Order No. 6/90 of the State Law and Order Restoration Council, security forces today continued their raid and searches of monasteries where illegal associations are located and operating from.

Found during the raid were 843 sacks of rice, 220 sacks of mung beans, and 20 sacks of sunflower seeds at (Thamaraw Tit) Monastery, while 113 sacks of rice were found in the storage places in Myatheintan Monastery.

It is learned that our security units are continuing their sweep and searches of monasteries where Burma Communist Party underground operatives and illegal monk associations had taken refuge.

'Sources': Journalist Released After Questioning

BK2610053790 Hong Kong AFP in English 0512 GMT 26 Oct 90

[Text] Bangkok, Oct 26 (AFP)—A Burmese journalist detained for questioning by the military authorities earlier this week in Rangoon has been released, knowledgeable sources said Friday.

Nay Win, the local correspondent for the Japanese newspaper ASAHI SHIMBUN and a prominent novelist, was taken in for questioning Wednesday and released the same day, said the sources contacted by telephone in Rangoon. The journalist was apparently accused during the questioning session of filing reports allegedly favourable to the main opposition party to the Rangoon's ruling junta, the National League for Democracy (NLD), said the sources, who cannot be further identified.

The NLD won a landslide victory in elections earlier this year in Burma, but the military, which seized power in the Southeast Asian nation in late 1988 to end a nationwide pro-democracy movement, has refused to hand over power. The party's top leaders have been jailed or held under house arrest since July last year. Other NLD leaders have been arrested since the May elections.

Mr. Nay Win's questioning took place as soldiers raided in Rangoon and other Burmese cities offices of the NLD and other opposition parties in a nationwide clampdown which began with a wave of arrests of dissident Buddhist monks in the central city of Mandalay. Eighteen senior NLD members, 10 of them members of parliament, have been reported arrested in the latest crackdown.

Alliance Views Events 'With Immense Alarm'

BK2410060590 Bangkok BANGKOK POST in English 24 Oct 90 p 6

[Text] The Democratic Alliance of Burma (DAB) yesterday expressed "immense alarm" over reports that Burmese troops had stormed 133 Buddhist monasteries in Mandalay and arrested an undisclosed number of antigovernment monks.

"DAB views with immense alarm the accelerating (and) unprovoked oppression launched by the Rangoon military junta against what is conceived to be the last bastion of continuing opposition to the dictatorship—the Buddhist clergy," DAB secretary-general Tin Maung Win said in a statement.

He claimed the All Burma Young Monks Union was DAB's main pillar of support in its effort to restore internal peace and democracy in Burma and condemned the Rangoon military junta's suppression of Buddhist monks. "DAB in all seriousness condemns the sacrilegious acts by the Burma army, under the order of the SLORC (State Law and Order Restoration Council), in their campaign against the members of the Buddhist faith which certainly will provoke the entire Buddhist world," the statement said.

The alliance called upon Buddhist countries, particularly Thailand, to join its condemnation of SLORC and to help pressure Rangoon "to immediately cease its barbaric and unholy offences against Buddhist monks in Burma."

Cambodia

Son Sann Urges Factions To Resume Peace Talks

BK2510120890 Hong Kong AFP in English 1152 GMT 25 Oct 90

[Text] Bangkok, Oct 25 (AFP)—A Cambodian guerrilla leader has called on all factions involved in the war in Cambodia to resume peace talks to avoid a settlement imposed by outside powers. Former Prime Minister Son Sann had written letters to all members of a joint interim authority formed last month by the factions, the Supreme National Council (SNC), urging them to meet "at an early date" in the Thai capital, a statement issued Thursday by his faction said. In the letters, Mr. Son Sann said Cambodians "should not wait for the international community to impose a solution on them," the statement reported.

Mr. Son Sann is the leader of one of two non-communist groups allied to the Beijing-backed Marxist Khmer Rouge in a Beijing- backed guerrilla coalition fighting Phnom Penh's Vietnam-installed government.

The four warring factions set up the SNC at a meeting last month in Jakarta, with six representatives each for Phnom Penh and the guerrillas. But a meeting of the SNC a few days later in the Thai capital ended in deadlock when the factions failed to agree on the inclusion of former Cambodian monarch Prince Norodom Sihanouk as chairman of the body. The prince, the guerrilla coalition's nominal head and the leader of its other non-communist movement, stayed away from the Jakarta meeting and is not a member of the SNC.

Sihanouk Forces Said To Attack Svay Leu Seat

BK2610071690 (Clandestine) Voice of the Khmer in Cambodian 0430 GMT 26 Oct 90

[Text] According to a report from the office of the personal representative of Samdech Phreah Norodom Sihanouk in Cambodia and Asia, the combatants of the independent Cambodia's National Army killed 11 Vietnamese-Heng Samrin soldiers, wounded some others, and seized a large quantity of war materiel in an operation to liberate and seize Svay Leu District seat in Siem Reap Province.

The report said on 24 October, the combatants of the 3d and 6th Brigades of the independent Cambodia's National Army jointly attacked and seized full control of Svay Leu District seat in Siem Reap Province. In the fight, the combatants of independent Cambodia's National Army killed 11 Vietnamese-Heng Samrin soldiers, wounded some who were carried away by their colleagues, and seized three large ICOM walkie-talkies, three motorcycles, four typewriters, 20 15-watt radio sets, a power generator, 30 telephone sets, a rice husking machine, three 12.7-mm guns, two M-82 guns, a DK-75, three 12.8-mm guns, four AK-47's, seven RPD's, 11 B-41's, two M-60 mortars, 200 other weapons, 20 metric tons of ammunition, 2,000 sacks of paddy, and 900 sacks of rice.

KPNLF Official Interviewed on SNC Setup

BK2510133490 (Clandestine) Voice of the Khmer in Cambodian 0430 GMT 25 Oct 90

[Interview with Ieng Muli, secretary general of the Khmer People's National Liberation Front Executive Committee and member of the Supreme National Council of Cambodia by station correspondent on 20 October; place not given—recorded]

[Summary] [Correspondent] Is there any obstacle hindering the process to seek peace for Cambodia?

[Ieng Muli] There are some obstacles to the peace process following the successful meeting in Jakarta in which the four Cambodian parties agreed to accept the five UN permanent members' five documents as the framework for a solution to the Cambodian conflict and set up the Supreme National Council [SNC]. Some other obstacles also took place at the SNC meeting in Bangkok due to the fact that the Phnom Penh party refused to respect the Jakarta agreement regarding the SNC chairmanship.

These obstacles are caused by the Phnom Penh side, which does not want peace to return to Cambodia. Those power-holders in Phnom Penh want to prolong our people's suffering by trying to obstruct the peace process.

Hun Sen and his regime cannot represent Cambodia's sovereignty because he and his Communist Party are Vietnamese lackeys. They are serving the Vietnamese and destroying our Cambodian national property.

"Following the formation of the SNC, in making a trip abroad, Hun Sen has no right to use his title as prime minister or Hor Nam Hong as foreign minister. The host countries should welcome these persons as members of the SNC because the SNC is the sole legitimate representative of Cambodia's legal authority. Therefore, I think that some countries that had violated the Cambodian agreement in Jakarta should not be accepted as neutral countries in seeking a solution for Cambodia and those countries that are not neutral should not be allowed to attend any other international conferences to resolve the Cambodian problem."

The current undertaking should be jointly to put pressure on the Phnom Penh regime and Vietnam in particular. Recently, His Excellency Son Sann, president of the Khmer People's National Liberation Front [KPNLF], sent a letter to the UN Security Council member countries calling on them to pressure Phnom Penh and Vietnam to respect the document of the five UN Security Council members.

[Correspondent] Does the KPNLF have any new proposal to find ways for bringing peace to Cambodia?

[Ieng Muli] "Several weeks ago, we made another concession regarding the SNC in order to bring about the solution to quickly reach peace for our country. That is, after proposing to the Thai foreign minister for the reconvening of the SNC, our front and the other fighters proposed that if we agree to let the Hun Sen side add another person to the SNC membership, we want the samdech to join in as SNC chairman. This means that two new members are to be added, one from the Phnom Penh side and the other being the samdech, to become the chairman. However, we have not yet received any official reply." Anyway, we know that the Phnom Penh side wants to add another person and to get the post of vice chairman. As I said earlier, it is unfair for the Phnom Penh side, which already has six seats, to demand the vice chairmanship. This post should be given to our side. However, we must stress that the question of the chairman, vice chairman, and the 12 or 13 or 14 members are not that important. This is because the SNC is not the powerful organization to carry out the state affairs or the full-fledged government. It is just the top organization representing Cambodia's sovereignty and unity. After a general solution is achieved, the SNC will hand over its power to the United Nations, which will handle all important affairs of our state.

I think that with more international pressure on the Phnom Penh side, peace can be reached. In addition, an international conference on Cambodia might be held in Jakarta at the end of this month or early next month, and the Paris International Conference on Cambodia might be held at the beginning of December at the latest.

VONADK on SRV Troops Sent in Koh Kong

BK2610065590 (Clandestine) Voice of the National Army of Democratic Kampuchea in Cambodian 2315 GMT 25 Oct 90

[Excerpt] Between January and June 1990, the Hanoi Vietnamese enemy aggressors dispatched and deployed two regiments of fresh Vietnamese troops, comprising over 1,000 soldiers, in districts of Koh Kong Province.

1. A regiment of Vietnamese troops with about 600 soldiers dressed as Hun Sen-Heng Samrin puppet troops has been deployed in Mondolseima and Koh Kong Districts from Treung Lpeou along Route 18 to Kaoh Andet Village in Tatey Commune. The task of this regiment is to administer Mondolseima District and Koh Kong Town.

2. Another regiment of 450 soldiers has been deployed in Botumsakor District from (Patham) and Chiphat, which is the district seat of Thmar Bang Thmei District in Chiphat Commune, to Chi Preah Village in Andong Toek Commune, and down to Ta Ok Village, with the regiment's headquarters located in Peam Prek Ta Ok. The task of this regiment is to administer Botumsakor and Kirisakor Districts. [passage omitted]

Indonesia

East Timor Rebel Leader Says Ready for Talks

BK2510171590 Hong Kong AFP in English 1632 GMT 25 Oct 90

[Text] Lisbon, Oct 25 (AFP)—East Timor rebel leader Major Xanana Gusmao said here Thursday he was ready to discuss a United Nations-brokered settlement to the 15-year conflict in the Indonesian territory without any prerequisites.

Negotiations should be held between the people of East Timor and Jakarta, and not Portugal, the former colonial power in East Timor, which the United Nations continues to recognize as legal administrator, Major Gusmao said in an interview with a local newspaper. "The war that has lasted for 15 years is between Jakarta and the people of East Timor," the leader of the East Timor Armed Forces for National Liberation said.

He called on the Indonesian authorities to adopt a more flexible policy toward East Timor to end the guerilla war. "We expect Jakarta to show political maturity."

"In East Timor the day belongs to the Javanese but the night belongs to the guerilla which is the expression of our people's resistance," Major Gusmao said, adding that the Roman Catholic Church gave "political and essentially moral support to the struggle of our people."

Suharto: President Must Follow Constitution

BK2510154890 Jakarta Domestic Service in Indonesian 1500 GMT 25 Oct 90

[Text] Speaking at a meeting with 69 foreign industrialists and members of the Swiss-based World Economic Forum at Merdeka Presidential Palace in Jakarta today, President Suharto said a president who received the mandate from the People's Legislative Assembly would only carry out his duty within his constitutional rights and could not do anything he liked or plan anything for himself.

Accompanied by Finance Minister Sumarlin, President Suharto explained at length to his visitors about Indonesia's 1945 basic Constitution which, among other things, includes the issue of the People's Legislative Assembly, appointment of the president, and Pancasila education. President Suharto also called on the industrialists not to hesitate to invest in Indonesia, assuring them of Indonesia's political stability.

He said the government is giving local and foreign businessmen the opportunity to construct transport, telecommunication, and electricity supply facilities in the country.

Poll Shows Indonesians Want Reelection Limit

BK2410053090 Hong Kong AFP in English 0405 GMT 24 Oct 90

[Text] Jakarta, Oct 24 (AFP)—Most Indonesians want a limit to the number of times a president can be re-elected, a poll published in the latest issue of the weekly news magazine EDITOR shows.

An overwhelming 92 per cent of the 433 people surveyed by EDITOR said a limit should be set to the number of presidential terms, while 56 per cent said the maximum should be two consecutive five-year terms. The poll showed that 30 per cent were against a president being re-elected at all and that 10 per cent favored a limit of three five-year terms.

The EDITOR survey had 65 per cent in favor of upcoming presidential candidates to belong to a younger generation.

President Suharto, 69, belongs to what is known here as the "1945 generation" of freedom fighters against the Dutch colonial administration.

Under the consitution, the president and vice-president are elected to five-year terms and can be re-elected an unlimited number of times.

Calls for change received renewed impetus after academics from Gajah Mada University recommended a limit in a paper earlier this month.

Mr. Suharto is in his fifth consecutive five-year term and his predecessor, the country's first president, Sukarno, served for 22 years. Mr. Suharto hinted in his autobiography published last year that his current term, which expires in 1993, might be his last because of his advancing age.

The EDITOR poll showed that 84 per cent wanted the limit to start from 1993 and 11 per cent from 1998, while 42 per cent said the limit should be imposed by decree of the People's Consultative Assembly (MPR), the highest legislative body which elects the president and vice-president. The president should come from the ranks of the active military, 25 per cent said, while 22 per cent wanted retired officers and 23 per cent civilians. Intellectuals, bureaucrats and businessmen were favored by only 15 per cent, two per cent and one per cent, respectively.

A similar EDITOR poll last year showed 35 per cent for active soldier candidates, 42 per cent for retired military and nine per cent for civilians.

The military plays a major role in Indonesia, with many active and retired officers holding prominent positions in politics and in business. Mr. Suharto is a retired general. The military do not vote, but 100 of the parliament's 500 seats are held by members of the Armed Forces, appointed by the president.

The parliament joins 500 other presidential appointees from Indonesia's regions and socio-political organizations to form the MPR.

Jakarta Determined To Keep Inflation Down

BK2310162690 Hong Kong AFP in English 1556 GMT 23 Oct 90

[Text] Jakarta, Oct 23 (AFP)—Indonesia is determined to fight inflation, and will use its windfall profit from oil sales in such a way as not to increase the gap between supply and demand, Coordinating Minister of Economic Affairs Radius Prawiro said Tuesday. "The government will be strict in its determination to reduce the pressures of inflation... The government will try to use the increase in oil revenues in a way which will minimize the growing gap between demand and supply in goods and services,"

Mr. Radius told a conference of financial executives here that a high level of inflation would be a detriment to the nation's economic drive, reducing export competitiveness, encouraging capital flight and slowing down productive activities. "Any action that would increase demand, would have to be offset by actions which will step up supply, too, if necessary by importing goods and services which could not be supplied domestically," Mr. Radius said.

He said that inflation for the first nine months of 1990 already stood at 8.11 per cent compared to 5.97 per cent for the whole of 1989.

Officials have said that every dollar a barrel increase in oil prices would translate into an extra 500 million dollars in annual revenues. Indonesian budget calculations for this year put oil prices at 16.50 dollars a barrel. Oil prices reached 40 dollars a barrel earlier this month but have since slipped.

Jakarta has already engaged in a tight money policy in efforts to curb inflation but analysts have said the measures have drawn necessary capital away into non-productive areas, slowing down the country's economic growth.

The minister said that to boost exports in an increasingly competitive world, and with the current trend of international markets falling into highly protective segments, Indonesians should resort to newer marketing strategy. "It would be necessary to step up the marketing strategy for Indonesian goods through investment in trading firms abroad holding marketing channels into the world's major economic regions," Mr. Radius urged.

This move, through share purchases or ventures, would allow Indonesia's non-oil exports level to be maintained or even increased, and consequently boost employment opportunities and foreign exchange revenues in times of sluggish world economic growth. The role of Indonesia's non-oil and -gas exports have steadily strengthened in the past years. They now account for almost 70 per cent of state income and about 60 per cent of Indonesia's export revenues compared to under 50 percent respectively in the mid 1980's.

Mr. Radius however said that only large companies with strong capital and diversified activities could engage in investment abroad for the time being, and he stressed that large and powerful companies have the responsibility to help weaker ones, including in this area.

Bank Scandal Makes Foreign Investors Cautious

BK1810072390 Hong Kong AFP in English 0621 GMT 18 Oct 90

[By Alain Boebion]

[Text] Jakarta, Oct 18 (AFP)—The mysterious disappearance of nearly half a billion dollars from the coffers of a private bank here has led foreign financiers to greater caution in their dealings in Indonesia despite the country's fine economic performance, overseas investors said.

The scandal involving Bank Duta means that Indonesia is now considered a country where operations are seen to be riskier than previously believed, foreign bankers said in interviews over the past week. "There is no doubt that this incident will lead Indonesia to raise capital at higher rates and that credits to private banks will be fewer and farther between," said the chief executive here of a major European bank.

His comment came less than two weeks after Duta, Indonesia's second biggest private bank, officially announced surprise losses of some 420 million dollars.

The official explanation from Duta, which is known for its close links to the government, is that 18 months of speculation on the currency market resulted in losses of nearly three times its capital, of which 73 per cent is held by non-profit associations led by President Suharto. The remaining 27 per cent are publicly owned. Foreign bankers are skeptical, but believe the declared losses to be close to the truth and say they are stupefied that Duta can continue to exist.

Indonesian newspapers have reported that three anonymous donors have been beefing up the coffers of Bank Duta, which has been run since October 4 by a temporary executive board headed by Radius Prawiro, coordinating minister for economic, financial and industrial affairs. All members of the previous board—including Cooperatives Minister Bustanil Arifin, a close confidant of Mr. Suharto—have been forced to resign and Duta's number two, Dicky Iskandar Di Nata, has been arrested. Many shareholders are threatening legal action and the country's leadership has ordered judicial proceedings into the bank's activities.

"Exchange rates alone cannot account for such a loss," said one European banker. "It is far too huge."

The Duta scandal, another said, is a demonstration of "the limits of the private banking system in Indonesia, as well as of staff incompetence."

"The bank must have speculated with sums of one to two billion dollars to sustain such a loss," explained a currency trading expert. "This, in the present situation, is unthinkable." He also said he was astonished that Indonesia's central bank "did not see earlier into the problems Bank Duta was facing" and allowed it to be listed in June on the local stock exchange.

Many foreign bankers stationed in Jakarta have openly been complaining of what they call Indonesia's "fragile" banking system, which they say has been suffering from excessively rapid growth and a lack of control since economic liberalisation measures came into effect three years ago. The Bank Duta affair is "a flagrant example" of this, said a banker close to the government, adding that it was "without any doubt the result of double-entry bookkeeping."

Western diplomats here are particularly intrigued by the political implications of the scandal. They say it could have been kept secret, or remained known to financial circles alone, or have existed as no more than a rumor—as is often the case in financial matters linked to President Suharto or his family, which is all-powerful in Indonesian business.

The fact that it was made public by the Indonesian media, which did not hesitate to underline its political connotations—albeit cautiously—is notable in that it implies "the will of some circles close to the ruling power," one diplomat said.

"The entire affair is eminently political," added a high-ranking Indonesian official who asked to remain anonymous. Considering the disgrace of a person as close to President Suharto as Mr. Arifin, he said, "it should not be too difficult to draw the proper conclusions."

Laos

Phoumi Vongvichit Addresses Writers' Meeting

BK2410084890 Vientiane Domestic Service in Lao 1200 GMT 23 Oct 90

[Text] Phoumi Vongvichit, acting president of the republic, addressed the closing of the first meeting of the Lao Writers' Association after two days of sitting in Vientiane Capital this morning.

In his address, Acting President Phoumi Vongvichit praised the sucessful establishment of the Writers' Association of Laos, an important organization that will encourage Lao writers and literature workers to play an increasing role on the path of the restructuring in the country. He also highly evaluated the outstanding achievements scored by Lao writers in exercising their intelligence and creativitness to compose poems and stories as the contribution to the class struggle in the past. Phoumi Vongvichit also encouraged Lao writers to attentively promote the rich contents of the Lao literature. In so doing, he said, every writer must possess the revolutionary line of thinking and ability to clearly analyze problems in comformity with realities. Each writer must firmaly adhere to the principle of differentiating friends and enemies to make thier work meaningful and rich in content to serve the society in accordance with the party's political line.

Hails 'Contribution'

BK2410144690 Vientiane KPL in English 0937 GMT 24 Oct 90

[Text] Vientiane, Oct 24 (KPL)—Mr. Phoumi Vongvichit, acting president of the republic, on October 23 talked to Lao writers following the first conference of the Writers' Association of Laos [WAL].

The acting president hailed the WAL's formation and highly valued writers' contribution in literature in the war time and in the current period of national defence and construction.

President Elected

BK2410121790 Vientiane KPL in English 0906 GMT 24 Oct 90

[Text] Vientiane, Oct 23 (KPL)—The Writers' Association of Laos was formed following its first conference held here on October 22 under the chairmanship of Son Khamvanvongsa, acting minister of information and culture.

Following the vote by over 60 writers, the conference elected Mr. Souvanthon Bouphanouvong as the president of the Writers' Association of Laos. The association has a six-member executive committee.

Nationwide Conference on Trade, Tourism Closes

BK2310155790 Vientiane Domestic Service in Lao 0000 GMT 23 Oct 90

[Text] After carrying out work for five full days, the first nationwide conference on trade and tourism was closed yesterday [22 October] with a satisfactory success. The conference heard a speech by the comrade general secretary and chairman of the Council of Ministers [Kaysone Phomvihan] on the new orientation and thinking on trade and tourism. Members of the party Central Committee Political Bureau also attended the conference.

The conference also heard a report presented by the Ministry of Trade and Tourism.

All 245 delegates from state and private enterprises at the central and local levels studied and unanimously appreciated the new thinking on trade and tourism presented at the conference by the comrade general secretary and chairman of the Council of Ministers. It states that trade is the primary link in the process of production, circulation, exchange, and consumption; that on the basis of the dismantling of the natural economy and the comprehensive production of goods, if there is no trade, no market can be created and developed; that the people's economy is owned by the people themselves; that the economy is composed of several sectors and various forms of ownership; that appropriate attention must be given to developing private trade; that private trade must be encouraged to invest property, experience, and capabilities in the process of developing trading enterprises; that the state's role in managing trade is extremely important but only functions in an indirect way by defining the direction for the development of trade through the policy of business leverage; that the state takes direct control of certain important goods of strategic significance; that the strength in producing goods for export is the most decisive factor; that protection and promotion must be given to locally produced goods; that the quality and quantity of goods must be simultaneously raised to make them competitive in the markets; that to develop the goods economy, we must understand the position and role of the market as the direct organizer and (?manipulator) of all movements of business production, trade, and tourism; and that the comprehensive feature and unification between the economic policy and the coordination of all services at all levels in the state management of trade and tourism must be ensured.

At the same time, the conference also unanimously approved the policy, plans, and major measures aimed at managing and setting up a trade and tourism system for the years to come.

Kaysone Phomvihan Comments Noted

BK2410121890 Vientiane KPL in English 0908 GMT 24 Oct 90

[Text] Vientiane, October 23 (KPL)—Kaysone Phomvihan, general secretary of the party CC [Central Committee] and chairman of the Council of Ministers, said at the closing ceremony yesterday that appropriate efforts are needed to boost the private trade sector to encourage private investment in order to tap the sector's potential in materials and expertise.

The state still plays an important role in this matter, Kaysone Phomvihan said, but it should only be indirect, such as determining the direction of trade expansion which involves economic leverage policy. Mr. K. Phomvihan further indicated that the state should step up the managerial control of the trade establishments directly run by the state. These are those activities considered as strategic. In this connection, the chairman of the Council of Ministers said that the state is to consider the production of export goods as the most important factor.

Mr. Kaysone Phomvihan also said that the state should protect and promote local goods production in view to improve local goods' quality to the point they can become competitive.

The chairman of the Council of Ministers said that in order to successfully expand the economic state, one must recognise the position of and role played by the market and tourism. In addition to this, the state should pay attention to the global aspect of trade and tourism imbued in the economic policy demanding coordination with all sectors and levels.

The five day conference, the first of its kind to be organised on the national scale, was attended by 250 persons coming from the state and private sectors of all levels. Also attending the closing ceremony were members of the Political Bureau of the party CC.

The participants discussed the questions in the light of the economic restructuring policy. They recognised that trade was an important link in the evolution of production, transport, goods exchange and consumption—all of which was aimed at dismantling subsistent economy to market economy.

'Problems' Met in Government's Forest Plan

BK2210051490 Bangkok BANGKOK POST in English 22 Oct 90 p 2

[By Tunya Sukphanit]

[Text] Laos has run into problems conserving dwindling forest reserves since it began a campaign in May last year. Laotian Vice-Minister for Agriculture and Forestry Noulin Sinbandit told the BANGKOK POST that because forests belong to the people and the nation, it is the government's responsibility to look after the important natural resource.

Since May last year, logging concessions had to be approved by the government. Previously, from 1975 Thai logging firms needed approval only from Laotian provincial authorities, which were authorised to make profits from forests. After Thailand introduced its logging ban in 1988, the number of sawmills operating in land-locked Laos increased about 30 per cent. There are now about 600 small and medium-size sawmills operated by Thais and Laotians in the country. Exports of forestry products, mostly logs, to Thailand, Taiwan, Japan and South Korea have increased.

Laos, meanwhile, has sought help from various United Nations' agencies to work out a development plan to conserve its forests. Phase one of a Tropical Forest Action Plan (TFAP) on forest management has been completed with support from the UN Development Programme (UNDP), the Food and Agriculture Organisation (FAO), the Swedish International Development Agency (SIDA), the World Bank and the Asia Development Bank (ADB). The plan now needs approval by the government, which has to work out how the plan will fit the country's overall national development scheme.

But problems and constraints remain. One is the question of accurate data on remaining natural forests. Current data is based on a 1981 survey sponsored by the Soviet Union, which shows that sizeable tracts of forest remain in the central and southern region, particularly Savannakhet, Vientiane and Champassak. Most northern forests have been damaged severely since then.

Minister Noulin said information on logging is incomplete and confusing but the new policy will make things more systematic. "The ministry is surveying logging in Laos at national and local levels," he said. State enterprises of Laos and the USSR are logging jointly in Savannakhet province.

Another problem faced by the government is abuse of commercial logging and the problem of shifting cultivation. A rough estimate shows logging in forests nationwide should be kept to about 270,000 cubic metres per year but it is estimated to be between 350,000 and 450.000.

One diplomat said that while the central government wants control of logging concessions and forest management it still demands that provincial authorities generate their own income. Provincial authorities, therefore, have relied on logging as a revenue earner.

The minister said that prior to the decision to place more emphasis on forest conservation, Laotian income from forest products made up 40 per cent of the country's total income from exports. "Roughly speaking, income from timber was about US$20 million a year. But since the government has tried to reorganise things income has dropped," Minister Noulin said.

Another problem is shifting cultivation. "It is likely that illegal logging is carried out by shifting cultivators or encroachers in cooperation with foreign industry and log buyers. "The volumes involved in these activities may be at a level of 100,000 to 150,000 cubic metres per year," Noulin said.

According to the TFAP report, about 253,000 Laotian families are involved in shifting cultivation in the highlands and in the lowlands. The report said a total of 300,000 hectares of land is affected by shifting cultivation, of which about 100,000 is forested—an estimated loss of US$25 million a year.

Minister Noulin said it will take time to manage shifting cultivation as local residents use the practice to survive. To date there is no suitable alternative for them. "The project needs huge amounts of money. There is a pilot project managed by the UNDP and EC in the northern part of Luang Prabang."

Under the TFAP plan, about US$230 million is needed to implement several resource management projects of which US$120 million is recommended for projects to give Laotians an alternative to shifting cultivation.

The Laotian government has already obtained some funds to implement alternative projects and a number of international organisations and countries, such as the UNDP, FAO, World Bank, ADB, Australia, Japan, Sweden and the United States are involved in a number of projects in the country.

While Laos has lost some income with logging concessions having to be approved by the central government, it has tried improve the manufacture of its timber products to increase income and provide employment.

But again, there are obstacles. According to the Ministry of Agriculture and Forestry's director of soil erosion control, Chanthaviphon Inthavong, it appears the Thai government and private sector are interested only in importing Laotian logs while the government wants to export processed timber products. "The Thai government has set regulations stating that goods from Laos must be transported by the Express Transport Organisation (ETO).

Philippines

KMU-1 Union Chief 'Hiding' To Avoid Arrest

HK2610095790 Manila Manila Broadcasting Company DZRH in Tagalog 0800 GMT 26 Oct 90

[Text] Kilusang Mayo Uno [KMU-1 May Movement] leader Crispin Beltran, who is being hunted by authorities, will not surrender so he can supervise the continuation of the national strike. This was Beltran's explanation in an interview by Deo Macalma regarding the rigorous hunt by elements of the Western Police District against him reportedly to bring him in to face a charge of inciting sedition. Although he is hiding, Beltran said he has ordered his lawyers to talk to the authorities concerning the issuance of a warrant of arrest against him. Here is part of the statement by KMU leader Crispin Beltran:

[Begin recording] [Beltran] I have ordered my lawyers to consult the authorities regarding this so-called warrant of arrest. I do not want to show myself at this stage because I want to supervise this national strike and also I am involved in this movement and a member of the strike committee; thus, my presence is needed.

[Maclama] Can you not hold office at the city jail?

[Beltran] Well the situation there would be different. We will not have freedom to decide. There is pressure. So, I thought it better to stay in a quiet and safe place. [end recording]

Military, Labor View 'True Status' of KMU

HK2610100590 Manila Manila Broadcasting Company DZRH in Tagalog 0800 GMT 26 Oct 90

[Italicized portions in English]

[Text] General Emiliano Templo of the Civil Relations Service of the Armed Forces of the Philippines clarified the military is not accusing the KMU [1 May Movement] as being a CPP-NPA [Communist Party of the Philippines-New People's Army] front.

General Templo told Liberty in Action it was Joma Sison who stated the 1 May Movement is a front for communist rebels. Joma reportedly announced this in an interview in Europe. Here is part of General Templo's statement regarding this issue:

[Begin recording] For our part in the military, what I know regarding this is *we are helping the other agencies in collecting information about them.* Then, we turn over the information to the concerned government agencies like the Department of Justice. It is true we did not brand the 1 May Movement as a CPP-NPA front but their own chairman, Jose Maria Sison.

You know when he was interviewed in Europe, *and this was on tape, he mentioned a lot of organizations* here in Metro Manila who are *affiliated or are front organizations of the CPP-NPA.* [end recording]

Meanwhile, Labor Secretary Ruben Torres explained he does not have strong evidence to accuse the striking KMU members as being CPP-NPA front. He told Liberty in Action that he will request information from the military regarding the true status of the KMU. This was also in reaction to a statement by National Security Adviser retired General Rafael Ileto that the KMU will be disbanded. For the part of the Department of Labor, here is part of the labor secretary's statement:

[Begin recording] [Torres] You know the military possess information regarding this and I hope the military would share this information with me because I am responsible for these organizations, of the workers' groups, especially the unions. I want to be informed about the basis of this statement; and if there is truth to this, there is reason for the disbanding of subversive unions and total cancellation from the labor department's fully registered union because the *Labor Code prohibits the use of a union for any subversive activity.*

[Reporter] Is the KMU a *registered, accredited, legitimate labor group?*

[Torres] The KMU *by itself* is not registered with the government, but it exists as the umbrella organization *for certain federations.* [end recording]

Military Assessment Suggests Strike Compromises

HK2610052190 Manila THE MANILA CHRONICLE in English 26 Oct 90 p 1

[By staff member Noli Cabantug]

[Text] The government should "make some compromises" to end the Welgang Bayan [National Strike] and avoid playing into the hands of the communists who had instigated the nationwide protest action, the military said in an assessment paper yesterday.

Otherwise, it warned, the protest action would drag on and reach a point where the government might be forced to take "harsh political and military action" to resolve the issue.

"This is what the proponents of the present crisis aim to achieve," the paper said, referring to the communists whose main agenda, it added, was "to bring the armed insurgency closer to the seat of power" by "using the strike as the medium." But the paper did not prescribe the compromises which the government should take.

The paper, circulated only to a few ranking military officers, was considered a rare assessment by the Armed Forces into what it considered the destructive impact of the Welga [strike], which entered its second day yesterday.

"By and large, the strike placed the government in a precarious position, politically and economically," it said. "Without making some compromises, the Welgang Bayan is expected to go on and the situation may force the government to take a political and military-oriented resolution of the conflict."

It said the Communist Party of the Philippines (CPP) and its military arm, the New People's Army (NPA), were behind the Welga by using their broad-based multisectoral and legal organizations.

"The strike was considered crucial to the party's (CPP) politico-military strategy to create a situation which will bring the armed insurgency into a more advanced stage closer to the seat of the national government," it warned.

Adding a "new dimension" to the Welga was the "confirmed" large-scale participation of armed communist guerrillas from the countryside, according to the paper.

As evidence, it pointed to the seizure by the military of explosives and assorted firearms from the demonstrators, including five handguns and an M16 assault rifle.

The paper said the Left had designed an "elaborate action to foment violence that will accompany the dispersal operations" during the strike by the military.

It added that such an action was implemented in coordination with ultra-Right forces which, it claimed, had provided the rebels with explosives used in the bombing of the offices of two oil firms—Shell in Makati and Caltex in Manila—last Monday.

The assessment appeared to confirm a report by a military intelligence officer that the Young Officers Union (YOU) had provided the Alex Boncayao Brigade (ABB), reportedly the rebel assassination squad in Metro Manila, with explosives for use before and during the nationwide strike.

The bombings of the two oil firms came two days after the YOU, through renegade Army Major Abraham Purugganan, announced that they had reached a "tactical alliance" with the communists.

The military, meanwhile, said it would crack down on those who "continue to instigate violence" in the ongoing Welga.

While claiming that the protest action was a "failure," Col Alfonso Mora warned that the communists would continue to resort to terrorism, including the assassination of military and civilian officials as well as labor leaders, and bombing of vital government installations and multinational companies here.

"We are closely monitoring their activities and we will not hesitate to arrest them if they continue to instigate violence," Mora, PC-INP [Philippine Constabulary-Integrated National Police] Civil Military Operations chief, told a news conference in Camp Crame yesterday.

He cited a warning from PC-INP chief Maj Gen [Major General] Cesar Nazareno that he would dismiss on the spot any military or police officer who failed to arrest those who advocate violence.

Militant Labor, Transport Groups End Strike

HK2610052590 Manila THE MANILA CHRONICLE in English 26 Oct 90 pp 1, 6

[Text] Militant labor and transport groups yesterday lifted their Welgang Bayan [National Strike] as government officials arrested and charged scores of strikers for last Wednesday's violence.

Some Welga [Strike] leaders said they were pausing to assess the strike and plan for bigger mass action if the government failed to meet their demands. But Bonifacio de Luna, chairman of the Ugnayan ng mga Grupo ng mga Asosasyon sa Transportayson (Uga) [Union of Transportation Groups], said his group ended its strike for fear of being linked with the violence.

In Quezon City, government prosecutors charged 51 Welga participants with illegal possession of explosives, illegal assembly, and alarm and scandal. The prosecutors recommended bail ranging from P2,400 to P180,000 for the provisional release of the arrested strikers.

But the violence continued. Six unidentified armed men aboard a Hi-Ace van yesterday burned a bus along Pasig Blvd in Barangay Pineda. Pasig Police recovered five home-made bombs near the bus but said that no one was hurt.

Organized labor is pressing for a P38 across-the-board wage increase for all workers and a P1,000 salary increase for all government employees.

Rafael Ileto, national security director, said the government is planning to ban the Kilusang Mayo Uno [KMU—1 May Movement], principal organizer of the Welga. "If we get enough evidence (that the KMU is a communist front)... we might have a solid case that can be a basis for banning (the union)," Ileto told reporters after yesterday's meeting of the National Security Council (NSC).

At a meeting yesterday, Labor Secretary Ruben Torres and the Labor Advisory and Consultative Council (LACC) agreed on a proposal to hold a national summit conference to resolve the pay issue.

The meeting, however, failed to come up with specific recommendations. Labor and transport leaders are again meeting Torres today to draft specific proposals to be presented to President Aquino.

Nicanor Elman, spokesman of the Kilusang Mayo Uno, said that 300,000 workers, mostly from banks and manufacturing firms, continued striking yesterday.

Torres, however, said that over 95% of the affected firms have resumed operations. Torres said mass actions nationwide were significantly reduced, but added that workers of some Metro Manila and Southern Tagalog firms, as well as nine factories in the Bataan Export Processing Zone (BEPZ), have not reported for work.

KMU members in Bacolod City have also continued their demonstrations, Torres said.

Assistant Labor Secretary Luna Piezas said workers in only 20% of the 310 affected firms continued striking. He said workers in less than 50% of 186 affected companies in Metro Manila continued the work stoppage.

In Davao City, 3,000 KMU members from 17 firms have set up camps in three strategic points—two within the city and one in Panabo, Davao del Norte. Teachers, health workers and government employees also joined the camps.

Strikes were also temporarily called off in the cities of Cagayan de Oro, General Santos and Iligan late Wednesday, where the strike had totally paralyzed work. But labor and transport leaders said they would launch a march- rally in Zamboanga City on Saturday and a three-day transport and industrial strike beginning Monday in Iligan City.

Meanwhile, a senator and some labor leaders, while affirming the legitimacy of the strike's demands, condemned the violence that marred the strike.

Government officials have also threatened government employees, who are barred by law from striking, with sanctions for participating in the strike.

Military 'Remains on Red Alert Status'

HK2610103190 Manila Radio Veritas in Tagalog 0900 GMT 26 Oct 90

[Excerpts] The armed forces continue to be on red alert status despite militant groups' postponement of their national strike. The armed forces continue to monitor the militant groups that are planning to launch a more widespread protest action. For more details, here is Eloi Aquino, DZRH Unit 12:

[Begin recording] Despite the postponement of the national strike by militant groups , the AFP [Armed Forces of the Philippines] remains on red alert status and continues to carry out aerial and ground surveillance to prevent the groups' plan to launch actions which could affect the lives and properties of our fellowmen, including the industrial and transport companies. [passage omitted]

The AFP logistics command reported that there were no occurrences of untoward incidents on the military's free ride operation.

Meanwhile, the Northern Luzon command, the Southern Luzon command, Visayas command and southern command reported that there were no rallies or demonstrations or untoward incidents happening in their areas of reponsibility in relation to the national strike. [end recording]

Policeman, NPA Rebels Said Killed in Laguna

HK2610090790 Manila Manila Broadcasting Company DZRH in Tagalog 0800 GMT 26 Oct 90

[Text] A policeman and two suspected New People's Army [NPA] rebels were killed while seven others were wounded in an exchange of gunshots inside a Laguna bus in Pila, Laguna at 0430 this morning. The incident was related to an attempt by the NPA to torch the bus, but the rebels were surprised by a policeman who was conducting searches at a checkpoint. A gunfight ensued between the suspects and the policemen.

Malacanang, Congress Agree on Budget Measures

HK2510033990 Manila BUSINESS WORLD in English 25 Oct 90 pp 1, 6

[By reporter Anthony L. Cuaycong]

[Text] Key economic officials of Malacanang and Congress yesterday emerged from the budget summit agreeing to a package of measures aimed at drastically slashing Government's consolidated public sector deficit by at least P [peso] 8 billion this year, P55 billion in 1991 and P80 billion in 1992 (see Table 1) based on the prevailing peso-dollar exchange rate of P25.75 to $1.

Significantly, no new taxes will be enacted to attain the targeted cuts. The Executive branch may have acceded to the proposal of House leaders to consider tax-related measures only as a last resort.

As per the results of the two-hour closed-door summit meeting, an aggregate P24.6 billion slash in next year's expenditure program will be effected through the reeanactment of this year's general appropriations act, with supplemental allocations of P22.3 billion for next year (see Table 2) not yet incorprated in this year's budget already factored in.

The adoption of this measure further translates into an automatic P5-billion cut in the growth of the domestic public debt stock and of domestic interest payments, thereby resulting in a net P29.6 billion downswing both in funding allocations and in next year's budget gap, originally estimated to reach P86.9 billion (see Table 3).

To complement the reduction in expenditures with upswings on the debit side, Government will implement the following:

Improve tax collection efficiency through the globalization of the customs inspection surveillance system and the imposition of a productivity incentive program for personnel of the Bureau of Customs and the Bureau of Internal Revenue;

Push faster privatization of government-owned and -controlled corporations currently held in trust with the Presidential Commission on Good Government and the Asset Privatization Trust, especially such big-ticket items as Philippine Airlines, Republic Planters Bank, National Steel Corp., Western Philippine Plaza, Manila Hotel, Philphos and Pasar, and

Expand the revenue base through the imposition of a 5% levy on all importations and a fixed amount for alien legalization. The latter is to be effected through legislation set to be certified by President Aquino and approved by Congress before the end of this year and will be in place only through 1991.

IMPORT LEVY

And, contingent on the actual inflow of revenues from this measure, the 5% import levy to be administratively instituted will be phased down not later than end-June 1992 to 3%.

Together, these revenue-generating measures are expected to augment Government's coffers by some P30 billion (see Table 4).

Apart from those already identified, other supplemental budget allocations for 1991 wil have to be precluded by government revenues generated above the targets specified or through the institution of new measures. Public works allocations providing peso counterpart funds for official development assistance (ODA) resources will be preserved.

In an interview with BUSINESS WORLD after the meeting, Rep. Margarito Teves of Negros Oriental, chairman of the House committee on economic affairs, said the Executive and Legislative branches will form a special oversight committee tasked to formulate steps to further trim government exenditures and improve tax collection efficiency and privatization efforts.

Centering on the latter, Mr Teves confided that the lower house will recommend the creation of a separate high-powered entity given the primary function of disposing of GOCCs "at the soonest possible time."

DEBT

Further, Mr Teves disclosed that, as more than 90% of Government's domestic debt obligations fall due in the short term, mechanics into the conversion of these securities to medium- and long-term bonds are being worked out. "This will not only ease Government's domestic debt burden but will also reduce the level of interest rates."

As regards foreign debt obligations, Press Secretary Tomas Gomez III said Government is "looking into the possibility of filing cases on fraudulent debts." To this end, Mr Gomez said, the Chief Executive has instructed Finance Secretary Jesus Estanislao, Central Bank Governor Jose Cuisia, Jr., and Justice Secretary Franklin Drilon to examine the specifics of foreign loans entered into by Government with creditor institutions.

As it is, Mr Gomez said, six loan transactions have already been identified as "fraudulent," with two already under litigation and another four set to be contested in court.

TABLE 1. CONSOLIDATED PUBLIC SECTOR DEFICIT (in billions)

	1990	1991	1992
Projected	P60.0	86.9	121.4
Target cuts	8.0	55.0	80.0
New assumptions	52.0	31.9	41.4

TABLE 2. SUPPLEMENTAL BUDGET ALLOCATIONS FOR 1991

ITEM	AMOUNT (in billions)
Petroleum price standby fund	P5.1
Southeast Asian games	.2
Autonomous regions of muslim Mindanao and the Cordilleras	1.0
Internal revenue allotment of local government units under local government code	2.5
Veteran's benefits	1.3
Legally mandated appropriations: a) Salary Standardization b) Philippine Sports Commission c) Department of Science and Technology d) National and Regional Tripartite Wages and Productivty Boards	12.23
TOTAL	P22.33

TABLE 3. EXPENDITURE CUT FOR 1991 (in billions)

Proposed expenditure program for 1991	P297.4
Less: Approved program through adoption of 1990 general appropriations act	250.5
Nominal cut in allocations	46.9
Less: Supplemental budget allocations (see table 2)	22.3
Gross decrease in expenditures	24.6
Add: Projected savings from reduction in domestic debt stock and interest payments	5.0
Net decrease in expenditures	29.6

TABLE 4. INCREASE IN GOVERNMENT REVENUES ITEM

	1990	1991	1992
Improved tax collection efficiency	P1.2	10.0	20.0
Faster privatization	0.5	2.0	4.0
Revenue base expansion	1.3	18.0	3.0
a) Import levy	1.3	13.0	3.0
b) Alien legalization fee	—	5.0	—
TOTAL	3.0	30.0	27.0

Communist Rebel Leader Captured in Davao

HK2610051190 Manila MANILA BULLETIN in English 26 Oct 90 p 20

[By Ped Velasco]

[Text] Davao City—Six New People's Army (NPA) regulars including a top commander and two brothers were captured and three high-powered firearms were confiscated in a series of operation conducted by PC-INP [Philippine Constabulary-Integrated National Police] operatives in Davao del Norte during the last three days.

Col [Colonel] Manuel A. Salimbangon, PC-INP Recom [Regional Command] 4 chief, identified the captured dissident leader as Lederato Candido, 39, alias Commander Ato/Embrem, deputy secretary of Front Three of the NPA in Davao del Norte.

He said Candido was arrested by PC-CBO [expansion unknown] operatives while on board a pssenger jeepney bound for Tagum in barangay Patel, Kabalong town, this province.

Arrested along with Candido was his aide identified as Willy Inansongan, 16, alias Ka [Comrade] Dodong, the regional PC-INP commander said.

The four others were Rogelio Bautista, 25, alias Ka Roy; brothers Nicholas and Leoncio Alicaba alias Ka Bolding and Ka Joy respectively; and Alejandro Capillero alias Ka Alex.

A PC-INP regional commander said that Bautista was arrested while recuperating in a private hospital in Tagum following amputation of his left arm that had been wounded during an encoutner with soldiers in barangay Taglawig in Maco town last Monday.

Thailand

Minister Sees Bangkok As SNC Venue, Not Host

BK2610012590 Bangkok THE NATION in English 26 Oct 90 p A2

[Text] Thailand will not host the Cambodian Supreme National Council [SNC] meeting here unless the country's leaders solve the problems of the council's chairmanship and the number of its representatives, Foreign Minister Subin Pinkhayan said yesterday.

The first SNC meeting held in Bangkok last month failed in resolving both issues and Thailand could afford to serve only as a site for the signing of the solution to the problems, he added.

The wrangling Cambodian leaders agreed on resistance leader Prince Norodom Sihanouk being the 13th member of the SNC and its chairman and agreed to have the 14th member elected from the Phnom Penh side. The resistance's rejection of Phnom Penh's demand that Prime Minister Hun Sen be accepted as the SNC's vice chairman blocked the reconvening of the SNC meeting.

Subin said he planned to visit China on November 3-5, where he expected to discuss the Cambodian problem and bilateral trade with his Chinese counterpart, Qian Qichen, and other leaders there. China this year failed to buy 150,000 tons of Thai rice as promised. Subin said he would urge the Chinese leaders to reconsider the terms of the rice purchase and supply Thailand with cement and crude oil.

After accompanying HRH [His Royal Highness] Crown Prince Maha Wachiralongkon and Prime Minister Chatchai Chunhawan to Japanese Emperor Akihito's enthronement ceremony in Tokyo between November 8-14, Subin said he would proceed to Laos between November 18-19 where he would meet with his Lao counterpart, Phoun Sipaseut.

Subin gave these details to reporters after meeting with Alireza Moaifyeri, adviser to Iranian President, who was here to strengthen Thai-Iranian ties. Moaiyeri said he discussed with Subin a Memorandum of Understanding signed in August between the two countries in which Iran would supply Thailand crude oil at "friendship" price to compensate for some of the 60,000 barrels a day in supplies that Thailand lost after Iraq invaded Kuwait.

No Repatriation To Occur Before Cease-Fire

BK2510151290 Bangkok Voice of Free Asia in Thai 1030 GMT 25 Oct 90

[Text] An official of the United Nations has given an assurance that there would be no repatriation of the Cambodians until a cease-fire has been established and a comprehensive political settlement achieved in Cambodia. The tripartite coalition government of Cambodia had voiced concern over the repatriation issue.

An official of the United Nations High Commissioner for the Refugees [UNHCR] said on 24 October that the UNHCR is drafting a plan to repatriate 300,000 Cambodian displaced persons stranded along the Thai-Cambodian border. The UN official, however, confirmed that no repatriation would be carried out unless a cease-fire is established. Meanwhile, a draft plan on the repatriation has to be worked out now as the UN office cannot wait until a peace agreement on Cambodia is signed.

Military Police Guard Governor's Home in South

BK2610023090 Bangkok BANGKOK POST in English 26 Oct 90 p 1

[Text] Nakhon Si Thammarat—A detachment of military policemen was sent last night to strengthen security forces guarding the provincial governor's residence as 4,000 people demonstrated against the Government. Some openly threatened to storm the property.

Although electricity to the protest site was cut off, the protesters refused to disperse. Instead, their number grew and they were expected to be joined by disgruntled rubber tappers from Thung Song District.

A Ramkhamhaeng University student, Chaiyong Rattanawan, threatened to set himself ablaze at 9 p.m. if Prime Minister Chatchai Chunhawan refused to resign or dissolve Parliament. But after the deadline, he still had not carried out his threat. Posters at the rally site read "Who killed Thanawut?" and "Thailand is ruined by Chatchai."

About 500 military policemen, defence volunteers and policemen guarded the residence of Governor Narong Saengsuriyong near the rally site.

Chaiyong and Ruang Ketkaed, a provincial councillor, led the crowd from Wat Chamao Temple in Muang District to the provincial hall after they had failed to stop the cremation of Thanawut Khlingchua yesterday. Thanawut set himself ablaze on October 14 in front of Ramkhamhaeng University, in protest against the Government, and eventually died.

No fewer than 300 southern policemen, Border Patrol policemen, soldiers and other local authorities kept the anti-cremation crowd from disrupting the cremation ceremony at the temple yesterday afternoon. The authorities had heavily guarded a convoy of about 60 vehicles, including the one which carried Thanawut's body, to keep anyone from taking it away as it was being moved from his house in Tambon Tai Sampao to the temple, 23 kilometres away.

Prime Minister's Office Minister Prasong Bunphong, who represented the Prime Minister, presided over the cremation ceremony and said Thanawut was a "hero" who had "greatly sacrificed himself." Mr Prasong said the Government will have to take the self-immolation drama into account while the Prime Minister will keep trying to do his best to run the country and correct its problems. Ramkhamhaeng University President Chusak Simin also attended the ceremony.

Chaiyong and Ruang found a space in the compound of the temple to tell 6,000 people there not to attend the ceremony. The number of those who attended and those who did not were roughly equal. About 70 people at the temple clapped their hands and shouted in protest against the cremation ceremony. For fear Thanawut's body might be taken from the ceremony, Boonpha Klingchua, father of the late student, confirmed to authorities he wanted to carry out the ceremony.

Saying the Government had "robbed Thanawut's body" and the Prime Minister "bought it for just one million baht," Ruang declared he would "follow the will" of the later student and fight for Gen [General] Chatchai's resignation or the dissolution of Parliament. Chaiyong dared authorities to arrest them at any time and said they will continue to fight even in jail.

While the cremation ceremony was proceeding, the two activists verbally attacked Cabinet members, including Interior Minister Banhan Sinlapa-acha and his deputy, Watthawut Atsawahem.

PAS State Offers Thai Muslim Rebels Refuge

BK2610020890 Bangkok THE NATION in English 26 Oct 90 p A5

[By Sonny Inbaraj and Kulachada Chaipiphat]

[Excerpts] Kota Bharu, Kelantan—The new Kelantan state government formed by Islamic fundamentalists Parti Islam Malaysia (PAS) said yesterday if southern Thai Muslim separatists were pursued by Bangkok authorities, the rebels would be welcome to take refuge in the northeastern Malaysian state as long as they wanted to.

In an interview with THE NATION, Deputy PAS Kelantan State Commissioner Haji Mohd Amin Bin Haji Yaakub said that in the name of Islamic brotherhood, the separatists would be accorded humanitarian assistance if they crossed the Thai-Malaysian border. Haji Amin said this was in accordance with PAS's policy on Islam. "For us Islam and politics are inseparable, and if our Muslim brothers in Cambodia or the Philippines also ask for our aid, we would not hesitate to help them," he added.

Replying to a question on whether assistance to the southern Thai Muslim separatists would jeopardize Thai-Malaysian relations, Haji Amin said it was between the federal government in Kuala Lumpur and Bangkok to decide. "If the southern Thai rebels are on our state soil and if the Thai military wants to extradite them, it would be a matter between Kuala Lumpur and Bangkok. As far as the state of Kelantan is concerned, they (the separatists) are welcome to stay as long as they want to," he said.

The office of the Thai Consul General here in Kota Baru refused to comment on the statement made by the PAS leader and efforts to trace Thai consular officials were unsuccessful. Sources said the Thai officials were already having meetings with the new state government which came to power on Tuesday after they defeated Prime Minister Mahathir Mohamad's ruling National Front coalition in the general election by garnering 24 seats in the 39-seat state assembly.

Last week, a diplomatic source in the Thai Embassy in Kuala Lumpur told THE NATION that it received intelligence reports that PAS was campaigning near the Thai-Malaysian border areas by saying southern Thai Muslim rebels would be allowed to use Kelantan state as a sanctuary, if they (the PAS) were voted in to form the next state government. [passage omitted on background material]

Mahathir has threatened to cut off aid to Kelantan if the people voted the opposition in, but PAS leaders said they were unperturbed by the threats. "We have our own natural resources, and we will survive," said PAS deputy commissioner Haji Amin.

Chawalit Party Changes Official English Name

BK2610085490 Bangkok BANGKOK POST in English 26 Oct 90 p 1

[Text] Former army commander-in-chief Gen [General] Chawalit Yongchaiyut has officially assumed leadership of the New Aspiration Party, formerly the New Hope Party. The party's English name was changed on October 16 following a general meeting.

Interior Permanent Secretary Anan Anantakun, in his capacity as the registrar of political parties, said yesterday he had already acknowledged the change of the New Aspiration Party's leadership from Wira Suwannakun to Gen Chawalit.

Steel Firm To Resume Exports After Duty Cut

BK2610080590 Bangkok BANGKOK POST in English 26 Oct 90 p 17

[Text] Saha Thai Steel Pipe Co is expected to resume exports to the United States following a preliminary decision by Washington to substantially reduce the anti-dumping fee on its products. Three other steel pipe producers have joined forces in seeking a similar ruling.

An industry source said the US Department of Commerce [USDC] recently anounced the results of its revision of anti-dumping (AD) fees on imported steel pipes made by four Thai companies. The source quoted a report filed by an American law office hired by one Thai manufacturer as saying the USDC had decided to slash its AD levy on Saha Thai Steel Pipe from 15.69 percent to a low 0.48 percent. However, AD on steel pipes shipments by three other manufacturers—Thai Hong Steel Pipe, Thai Union Steel and Siam Steel Pipe Import and Export—will be increased sharply to 75.06 percent. The report said further that the actual fees would be decided later pending the results of a revision of countervailing duties (CVD) on Thai steel pipes.

Besides AD, shipments of Thai pipes to the US are subject to 1.79 percent CVD and American authorities are considering revising this rate. The source said the steep drop in AD collection on Saha Thai Steel Pipe's products would enable the company to consider resuming exports to the US after being suspended for more than one year.

Thai manufacturers suspended steel pipe shipments to the US last September following Washington's decision to impose AD and CVD on Thai imports in response to complaints lodged by American producers that Thai pipes had been dumped on the US market and were subsidised by the Thai Government. Exports of steel pipes to the US soared to 135,000 tons in 1988 before slumping to 35,000 tons during the first eight months in 1989.

The source said Saha Thai Steel Pipe had hired Dickstine, Shapiro and Morin law office to urge the US Government to reduce AD on its products and this had led to Washington's favourable decision on the company. The other three producers are believed to have teamed up to urge the USDC to bring down AD on their products.

Paper Views Upcoming ASEAN Economic Meeting

BK2510095890 Bangkok THE NATION in English 25 Oct 90 p A13

[Editorial: "Crucial Weekend for ASEAN"]

[Text] As ASEAN's economic ministers gather for their annual meeting in Bali this weekend, developments across the globe are not looking healthy. The Gulf crisis is only part of the picture.

In the European Community, a series of meetings of agriculture and foreign ministers has failed to reach agreement even on the paltry terms for agricultural reform proposed by the EC Commission. The issue may now have to go back to the EC agriculture and trade ministers' meetings tomorrow, coinciding with the beginning of ASEAN officials' own preparatory meetings in Bali, and to the EC Summit this weekend on the eve of the ASEAN ministers' meeting. The implications of the developments in Europe for Thailand and the three other agricultural nations in ASEAN are grave.

This weekend could be ASEAN's last chance to exert its influence on the reshaping of the world trading system that is at present governed by the ailing General Agreement on Tariffs and Trade (GATT)—a last chance to rescue ASEAN's interests in the Uruguay Round of GATT talks. There is still time for further negotiation, but no one with any sense is optimistic. Some are predicting that if there is going to be a resolution to the agricultural deadlock, farm and trade ministers from all 12 EC countries will have to participate actively in Brussels in the week beginning Dec 3 when GATT's 105 members are due to meet to conclude the Uruguay Round. Normally EC members delegate trade negotiations to the EC Commission. But if anything constructive is to emerge in the next six weeks, the EC will have to be shocked, convincingly, into realizing how much it is going to lose if it remains so inflexible on agriculture.

The Europeans will not get the easier, GATT-regulated access to international service markets that they are seeking unless they are prepared to trade-off the interests of their service industries, taxpayers and consumers, against the interests of their farmers. Fake Lacoste, Cartier and Benetton products (and Rolex, for that matter) will continue to be available on the streets of Bangkok and Jakarta.

ASEAN, for its part, might have to be prepared to risk everything including the Uruguay Round itself. A threat to walk out of the Uruguay Round would go against ASEAN's generally conciliatory nature. Such a threat would be ineffective if it were unconvincing. It would also be ineffective if ASEAN had no allies.

The signs are, however, that there are other agricultural exporting countries, notably Argentina, who are prepared to act. Argentina led a group of five or six Latin American countries who blocked the Uruguay Round for four months in 1988/89 because of lack of progress on agriculture. An alliance of ASEAN and the Latin American group with the possible addition of Australia, New Zealand and other smaller nations, could force the Europeans to think harder. The Europeans should also think hard because a close look at the situation in the round, after four years of talking and with barely a month left, suggests that Thailand and ASEAN might have little to gain and much to lose from any outcome that appears likely at present.

Let's start with the EC. The Europeans are looking more and more like the villains of the piece, although there are no saints in our protectionist-riddled world. It is a tragedy that the Europeans are only now starting to look closely at the implications of the Uruguay Round negotiations on agriculture. A serious internal debate should have started long ago. Among those who suffer most are Europeans themselves—consumers and those employed in various non-agricultural industries. Instead, we are left with six weeks to go in the round, and with farming passions running high in France and the former West Germany about cheaper products from inside Europe—from Wales and the former East Germany. So, for the Uruguay Round, the best the EC can come up with is to chop 30 per cent off farm subsidies by 1996 from the levels of 1986.

As many have pointed out, 1986 was a year of exceptionally low world agricultural prices and consequently high subsidies. In many areas the EC has already trimmed 30 per cent from its budget. Therefore, the offer virtually amounts to a commitment by the EC to do no more than it already has done; although to be fair, without a formal agreement the EC could increase its subsidies again as world prices rise. What is more, the Germans, French, Irish and Italians find even this offer too radical, despite the tonnes of paper already devoted to calculations by the Organization for Economic Cooperation and Development (OECD) and dozens of other institutions inside and outside the Community that show how costly the EC's Common Agricultural Policy is.

Therefore the EC Commission, if it ever does receive approval for its proposal, will tell the rest of the world that its offer is the best it can make. Airing the divisions within the Community has always been the Europeans' best negotiating tool. (Consensus-obsessed ASEAN might like to study the benefits of being open about one's differences.)

The result will be either no agreement, in which case the Uruguay Round collapses anyway, or a weak agreement along the lines the Europeans desire. With a weak agreement, the Americans—who can also argue that their internal political system is severely split between the free traders and the protectionists—will not have to modify their farm programmes by much.

In 1986, Washington spent close to US$1 billion (Bt [Baht] 25 billion) subsidizing rice. The so-called trade liberalization agreement on agriculture based on a 30 per cent cut by 1996 would still allow the Americans to spend up to $700 million (Bt17.5 billion) on rice or roughly $230 (Bt6,000) per tonne of milled rice produced.

Clearly that kind of agreement has nothing to offer Thailand. The story is the same in any other issue of interest to ASEAN. Everyone preaches commitment to multilateral trade rules while seeking exclusions for areas of special interest—even now, with so little time left in the round. For the Europeans, this means excluding the entire agricultural sector from sugar to tapioca. For the Japanese and South Koreans, it means rice. For the Americans, it means aviation, shipping and telecommunications.

The Americans and Canadians still want to take the protectionist route to the promised land of free trade in textiles. The Europeans want GATT's endorsement to set up "safeguard" barriers against exports of individual countries—in violation of GATT's principle of nondiscrimination—and to do so particularly if the textiles trade is liberalized. The North Americans and the Europeans want greater freedom to be the judges and juries themselves when they accuse others of dumping or subsidizing exports. None of the rich countries wants to discuss lowering barriers against vegetable oils, which are key exports of Malaysia and the Philippines.

And yet ASEAN and other developing countries are being asked to open up their markets to multinational services corporations, tighten intellectual property protection and to alter their investment promotion policies. What is more, even with agreement in the Uruguay Round, Washington has shown clearly that it is prepared to take the law into its own hands with Section 301 of the US Trade Act. ASEAN's members are not saints either. They should be prepared to give more ground by agreeing to reduce tariffs further, for example. But they should be prepared to give no more than that until the Europeans are shaken into realizing what is at stake.

ASEAN really does seem to have little to lose from the failure of the Uruguay Round. Even if intensified protectionism splits the world into warring trade blocs, ASEAN could fit quite well into an inwardly-looking East and Southeast Asian group with Japan as the core. Things are moving that way anyway; and if the North and South Americans are prepared to make the necessary concessions to join in, so much the better.

SRV Refugee Family Held for Illegal Entry

BK2510142590 Bangkok Voice of Free Asia in English 1500 GMT 24 Oct 90

[Text] A family of eight Vietnamese refugees was arrested at a house in Muang District, Nakhon Phanom Province yesterday after entering the country illegally through Laos. Police found Vinh Anh, 37, six relatives and children in a house they had been renting in Muang District since mid-October. The five adults and the three children could not speak Thai.

Police said Vinh admitted through interpreters that he fled from Da Nang with his family through Cambodia and Laos. He bribed officials in Laos to obtain a pass into Thailand for his family for about 6,000 baht and rented a house on Sunthonwichit Road. The family hoped for resettlement in a third country.

Vietnam

Embassy in Iraq Prepares Workers' Repatriation

BK2610060890 Hanoi Domestic Service in Vietnamese 1430 GMT 25 Oct 90

[Text] In coordination with the ministries and sectors concerned in our country and with the cooperation and assistance of various international organizations and the governments of Turkey, Iraq, and other countries, our embassy in Iraq has made arrangements for the repatriation of 1,117 brother and sister Vietnamese workers in Iraq. The repatriation has been scheduled for 24-27 October 1990.

The first two planes carrying 396 brother and sister workers from the Ministries of Water Conservancy; Construction; Communications, Transportation, Post, and Telegraph; and Public Health safely landed at Noi Bai Airport on 24 October 1990. The ministries and sectors concerned have made adequate arrangements to receive and assist our brothers and sisters.

Article Examines Danger of Gulf Confrontation

BK2310144490 Hanoi Domestic Service in Vietnamese 1430 GMT 21 Oct 90

[NHAN DAN article by Le Ba Thuyen; date not given: "The Danger of a Military Confrontation in the Gulf Area"]

[Text] So far, after more than two months since the start of the Persian Gulf crisis, the United States and many other countries have committed a military force comprised of nearly 300,000 troops, hundreds of warships, and aircraft of all types, turning the Gulf area into a huge powder keg.

The number of troops rushed to the area alone has reached more than 200,000, or the equivalent of the number of U.S. troops deployed in South Vietnam at the beginning of the regional war exactly a quarter of a century ago. The Pentagon has also dispatched a number of nuclear-powered aircraft carriers and modern aircraft of all types like the F-111 swing-wing aircraft, the F-15 and F-16 jet fighters, and the B-1 Stealth bombers. Meanwhile, the 82nd and 101st U.S. Air Cavalry Divisions and the 24th U.S. Infantry Division have taken positions in the border area between Saudi Arabia and Kuwait. The United Kingdom, France, and other NATO member countries as well as many Arab countries have also sent in troops along with aircraft carriers, warships, mine-sweeping vessels, and warplanes of all types.

In the outlying area—the Red Sea—the Pentagon has dispatched a group of warships with the aircraft carrier Eisenhower assuming a key role. In the eastern Mediterranean, a contingent of the Sixth Fleet comprising 17 warships, along with all the warships and B-52's based on Diego Garcia in the southern part of the Gulf near the Indian Ocean, have all been readied for action according to a common plan.

As noted by the international press, the ongoing military buildup in the Gulf is the largest troop deployment worldwide since the end of the Vietnam war. In recent days, the Pentagon has deployed heavy tanks and armored personnel carriers to Saudi Arabia. Commenting on this move, a U.S. strategy researcher said that the United States has now mustered enough strength in the Gulf and, together with Saudi Arabia, is prepared to shift from a defensive to an offensive status. Is it true that the powder keg is primed and that the only thing to do is to wait for the time to set the detonator off?

Over the past two months, although it has applied the two-pronged tactic of combining military pressure with economic sanctions, Washington has not yet realized the objective of forcing Baghdad—its dangerous rival in the region—to withdraw troops from Kuwait. On the contrary, this extremely costly and complicated blockade has caused great difficulties to the United States. Now that Washington has been compelled to cut back 500 billion dollars from the budget appropriations for the next five years in a bid to make up the huge federal budget deficit, the very costly military spending in the Gulf area has further aggravated the U.S. budget problem. The oil shock has increased the oil price from $15.50 a barrel a few months ago to nearly 40 dollars a barrel now, and possibly higher in the days to come, thus causing the U.S. economy to plunge headlong toward a more disastrous economic recession.

Disappointed by the fact that the prolonged blockade has not yet brought about the expected results, on the one hand Washington has stepped up political and economic pressure and intensified economic sanctions. On the other hand, it has resorted to military threats. On 2 October, the Pentagon ordered the U.S. Marines to conduct the most large-scale military exercise carried out in the past 10 years. The exercise took place in Oman, which is very close to Iraq, with the participation of 15,000 U.S. Marines.

Meanwhile, U.S. officials said that the United States would shorten the waiting time for international punitive blows at Iraq to take effect and that in the coming weeks the U.S. troops in the Gulf area would be ready to take any military action.

The fact that the prolonged blockade has not achieved any of the expected results has made the Washington administration and U.S. strategists impatient. Kissinger complained that time is not on the United States' side. Nixon thinks that this is a malignant and short-term crisis. He said: A lightning attack would be better than a long siege.

The INTERNATIONAL HERALD TRIBUNE says that U.S. experts have concluded that military action must be used to settle the Kuwaiti crisis. A national security advisor to the U.S. president said: Mr. Bush might request that the United Nations issue a resolution mentioning a military choice in the Gulf area.

It is clear that Washington is preparing public opinion and a combat plan to carry out military action against Iraq. USA TODAY discloses that President Bush has planned to use the Air Force to compel Iraq to withdraw its troops from Kuwait. The dismissal of General Michael Dugan from the U.S. Air Force chief of staff position revealed that a plan to attack Iraq with the Air Force had been established and that General Michael Dugan's mistake was to disclose the target of the Air Force attack too early: The bombing and strafing of Baghdad would be aimed at Iraqi President Saddam Husayn himself. However, adopting this plan, Washington has encountered no fewer difficulties and complexities. How could it have the required excuse to attack Iraq and win the support of the Arab world? Moreover, as the French paper LE NOUVEL OBSERVATEUR remarked: In order to be effective, this act must be totally successful with a single blow. Otherwise, it would be impossible to rule out a chemical counterattack by Iraq, which the paper calls a natural spasmodic reflex, and wonders whether or not this Air Force attack would lead to expanding and prolonging the armed conflict in the Gulf. It is a war that U.S. experts have advised Mr. Bush to avoid in order not to plunge into a prolonged conflict and become mired in desert sand.

Meanwhile, large segments of public opinion in many countries expect a solution to the Gulf crisis through peaceful negotiation. As for Iraq, it says it is ready to participate in a dialogue if there are no prerequisites. Baghdad is also ready to consider the three-point plan advanced by French President Mitterrand.

Allowing armed conflict in the Gulf area to break out would make the situation in this already burning zone extremely dangerous, seriously threatening peace and security in the region and the world. There is only one reasonable way to solve the crisis and that is through dialogue. Just as Foreign Minister Nguyen Co Thach of our country clearly pointed out at the UN General Assembly on 4 October: Vietnam thinks that the Gulf crisis must be solved by a peaceful solution within the framework of Arab countries and on the basis of respect for the UN Charter.

National Assembly Official Views Japan Visit

BK2510111290 Hanoi Domestic Service in Vietnamese 1430 GMT 22 Oct 90

[Statement by SRV National Assembly Vice Chairman Phung Van Tuu in an interview with a Voice of Vietnam radio correspondent on the results of his National Assembly delegation's recent visit to Japan; place and date of interview not given—recorded]

[Text] Our National Assembly delegation recently returned from a visit to Japan. The visit, which left us beautiful impressions, was made at the invitation of the Japanese-Vietnamese Friendship Parliamentary League. This league rallies parliamentary members belonging to different parties with good relations of friendship with Vietnam. It has on several occasions sent its delegations to visit our country. With the spirit of promoting better relations of friendship between the two National Assemblies and between the two countries, we took the occasion to visit Japan in response to the league's invitation.

During the visit, we were accorded a grand and cordial welcome. We paid a courtesy call on the acting Japanese prime minister. We were received by the chairman of Japanese Diet, who is concurrently president of the Japanese-Vietnamese Friendship Parliamentary League, and by other Japanese Diet members. We were also received by the chairman of the Japanese House of Councillors and members of the House. We paid a courtesy call on the general secretary of the Japanese Liberal Democratic Party and visited the headquarters of the Communist Party of Japan Central Committee.

During our talks with Japanese parliamentary members, especially with those belonging to the Japanese-Vietnamese Friendship Parliamentary League, we worked with an open-minded spirit of friendship and mutual understanding. This has left profound impressions in our mind.

We met not only Japanese political circles but also ordinary Japanese people. On learning of the arrival of a Vietnamese song and dance troupe, although it was already late in the night, some Japanese who had acquainted themselves with the troupe from its previous trip came to visit and exchanged mementos with the troupe.

In (?Kyoto), those ordinary Japanese people who are the founders of the Society of Japanese Urban People for Promotion of Friendship With Vietnam also raised funds to provide humanitarian aid to Vietnam. On learning of the arrival of the delegation, many of the people from distant provinces tried to reach the delgation to express their sentiments toward us. In sum, it is such contacts that have enabled us to further understand the Japanese people's sentiments toward the Vietnamese people.

We achieved consierable results during our trip. The two sides expressed their desire to enhance further the bilaterl relations. In particular, some Japanese Diet members with weight-carrying voice expressed their intentions to consult with their government over efforts to achieve a breakthrough in the establishment of official relations between the two governments advanceing toward new developments. All the economic and cultural establishments we visited expressed their desire for an early cooperation with Vietnam. On the Japanese side, there were many requests for going to work in Vietnam, while on the Vietnamese side, there are also many requests for Japanese help in economic and cultural development. Both sides expressed their desire for an early development toward expanding the relations of mutually beneficial cooperation between the two countries for the common benefit of the Asian-Pacific region and for the sake of the Asian development and peace as a whole. This has led us to think the prospects are very bright.

Budget Granted To Repair Road to PRC Border

BK1810035290 Hanoi Domestic Service in Vietnamese 0500 GMT 17 Oct 90

[Text] Due to a shortfall in the budget, the 170-km long Friendship Road from Yen Bai City to the Sino-Vietnamese border—one of the mo̊st important communication routes in Hoang Lien Son Province—has been left unrepaired during the past years. This year, however, the state granted the province with 1.7 billion dong for the repair work. The communications and transportation sector has been assigned to carry out the repairs. Many sections, including a nine km portion of the road which was heavily damaged, will be rebuilt.

Meeting Held on Status of Workers in Germany

BK2410145490 Hanoi Domestic Service in Vietnamese 0500 GMT 23 Oct 90

[Text] On 21 October in Berlin, a German organization that sends ships to pick up Vietnamese boat people in the Gulf of Tonkin and Mrs. (Thaner), Berlin's official in charge of foreign nationals, held a meeting on the situation of Vietnamese residents in Germany.

At the meeting it was announced that in recent months about 20,000 Vietnamese workers have been repatriated and approximately 40,000 Vietnamese still remain in eastern Germany. Participants in the meeting criticized acts of discrimination against Vietnamese such as forcing Vietnamese workers to pay high rents and increasing attacks on Vietnamese in Germany by right-wing extremists.

Court Hearing on 'Major' Swindle Case Reported

BK2510112590 Hanoi Domestic Service in Vietnamese 1100 GMT 23 Oct 90

[Text] According to a VNA correspondent based in Vinh Phu, this morning, 23 October, in Viet Tri of Vinh Phu, the Supreme People's Court held a renewed hearing into an economic case involving Hoang Thi Xuan, former party committee member and head of the Third Mai Huong Trading Group.

Together with her accomplices, Hoang Thi Xuan allegedly took advantage of the loopholes in state economic management, especially in banking, to seize a large sum of state-owned money by fraud. Facing trial this time were 24 out of 26 defendants. Two of the defendants were absent on justifiable grounds.

This is a major economic court case which, with extremely serious consequences, involves nearly 80 persons belonging 74 public organs and enterprises and six trading groups in eight provinces and cities. Personnel of the banking sector and public security agents are also implicated.

During the period March-August 1989, with the use of 22 out of 24 bank checks, two of them being cancelled for writing mistakes, Hoang Thi Xuan and her accomplices colluded with a number of personnel of the banking sector and some public organs and enterprises in overdrafting more than three billion dong, of which they kept over two billions for themselves.

According to a computation by the state bank of Vinh Phu Province, given the fines imposed on the overdrafting and slow payoffs, the total losses caused by Hoang Thi Xuan and her accomplices have amounted to over 42 billion dong.

At the opening of the renewed court hearing, a representative of the Supreme People's Organ of Control appealed to the Board of Jury against some final decisions taken by the lower court, saying that its sentence against Hoang Thi Xuan and her accomplices is too light and unsuitable to the severity of the case.

This court hearing will last for six days.

Official Visits Union of Cigarette Enterprises

BK2510144690 Hanoi Domestic Service in Vietnamese 2300 GMT 23 Oct 90

[Text] Comrade Vo Van Kiet, vice chairman of the Council of Ministers, recently paid a working visit to the Vietnam Union of Cigarette Enterprises. He welcomed the union's recent efforts in renovating equipment and technology, building a raw materials processing plant, a filter production line, and so forth. Especially in the past two months it has striven to meet consumers' demand for cigarettes after the government issued a decision banning the importation and circulation of foreign cigarettes.

Comrade Vo Van Kiet pointed out: Although cigarette is not a product we encourage people to consume—the less our people smoke, the better—since it is in demand, the cigarette industry must satisfy the consumers' need—especially as far as quality is concerned—and ensure sufficient brand varieties to suit the taste of consumers in each area. It should continue to satisfactorily implement various policies aimed at supporting the production of raw materials for cigarette making and encouraging peasants to grow tobacco strains of high quality. Cigarette plants must concentrate greater efforts on renewing technology and equipment, renovating management, ensuring the livelihood of workers and office personnel, and firmly maintaining and raising the quality of cigarettes.

Goods, Capital for Mountain Provinces Discussed

BK2510094590 Hanoi Domestic Service in Vietnamese 1100 GMT 23 Oct 90

[Text] On the order by the chairman of the Council of Ministers, the Office for Mountain and Ethnic Affairs recently met with the Ministries of Finance, Trade, Public Health, and Agriculture and Food Industry, with the Office of the Council of Ministers, and with the comrade chairmen of the people's committees of the seven northern mountain provinces of Cao Bang, Lang Son, Lai Chau, Son La, Ha Tuyen, Hoang Lien Son, and Bac Thai to discuss ways to generate capital and to stockpile some essential commodities such as salt, kerosene, medicine, rice, fabrics, and stationery.

Representatives of various ministries and central-level sectors revealed that the source of essential commodities needed for northern provinces has been prepared. Yet, due to capital shortage, transportation difficulties, and high transportation costs, the sectors and various localities concerned have failed to meet the needs of those ethnic compatriots in the mountain region. The heads of various provinces also presented the situation of scarcity of essential goods in their localities and raised many concrete suggestions with central-level sectors.

In order to create conditions for various localities to ensure their stockpiling of goods to meet promptly the essential needs of the mountain region, the relevant provinces suggested the Council of Ministers strive to allocate the remaining part of the 1990 budget to them as these provinces have thus far received only over 60 percent of their planned budgets. They have suggested price subsidies be given to various essential goods until they reach to local markets.

It is decided that between now and the end of 1990, the Council of Ministers will strive to allocate enough capital to seven northern mountain provinces so they can maintain adequate stockpiling of the three essential commodities of iodine salt, kerosone, and food grain.

Country Said 'Set To Become' Oil Exporter

BK2410024590 Bangkok BANGKOK POST in English 24 Oct 90 p 19

[By David McGarry]

[Text] Vietnam appears set to become an oil exporter in the not-too-distant future. Crude oil production has risen from only 40,000 tons in 1986 to about 2.5 million tons this year and is expected to reach at least six million tons by 1995. The country also has sizeable gas reserves which can be tapped when it develops the necessary industry and infrastructure.

Government reforms last April granted the newly formed Ministry of Heavy Industry responsibility for the oil and gas industries. It is controlled by Tran Duc Luong who also controls the construction, energy and light industry ministries. Vietnam Oil and Gas Co. (Petrovietnam) is authorised by the ministry to sign contracts for oil and gas exploration and exploitation, as well as for supply services concerning these operations.

A joint venture was formed with the USSR, Vietnam's main source of aid, called Vietsovpetro. This operates the country's main oil and gas field at Bach Ho near Ho Chi Minh City (formerly Saigon).

At present seven offshore oil rigs and 39 oil wells are in operation. Two more rigs are expected to be constructed and 16 wells drilled this year. As well as broadening the Bach Ho field, the Government has ordered other fields, further from the coast and in deeper waters, be explored. Nearly half of Vietnam's continental shelf has been explored and divided into 173 lots ranging from 4,500 to 9,000 square kms. These lots cover 470,000 square kms.

A dispute with China over the archipelagoes of Hoang Sa and Truong Sa plus a low lying area in the Gulf of Thailand has meant these areas are yet to be evaluated. Vietsovpetro has carried out exploration work in seven lots, all along the southern coast. Two of them, Bach Ho Rong and Dai Hung, have entered the production stage.

Many foreign oil companies, including BP, Shell and Total have been awarded exploration lots. BP was given three lots in the central region in February 1988. Shell, in conjunction with Belgium's Petrofina, was allocated three other lots in the centre in June 1988. Total received a lot in the Gulf of Tonkin (northern Vietnam) in November 1988.

Contracts with all foreign oil firms are very similar. They provide a concession for 25 years including five or six years for the exploration phase, followed by 20 years for exploitation on a production-sharing basis. Contract values range from US$20 million to $40 million. A number of US oil companies including Unocal, Sunoco and Amoco have expressed interest in investing in Vietnam. Two senior Unocal officials visited Vietnam in February 1989, but these companies will have to wait until the US Government lifts its trade embargo on the country.

An estimated 110 billion cubic metres of gas are contained in Vietnam's oil fields. About 500,000 cubic metres per day is being burned off because of lack of resources for tapping and utilising it.

The government has given priority to developing the necessary infrastructure to support the oil and gas industries. Three ports are currently handling foreign vessels and another three local crafts. The ports receiving foreign vessels are:

B-12: A floating port capable of receiving only one ship at a time. It was completed in 1972 and has a designed capacity of one million tons per year. In 1988 it handled 883,605 tons of goods. It can accommodate ships of up to 20,000 dwt [deadweight tons].

My Khe: Another floating port which can receive vessels of up to 35,000 dwt. It can handle up to two million tons of oil or petrol per year. The port's main problem is that it is affected by monsoons from October to April.

Nha Bhe: A port with three wharves, two of which can receive ships of up to 20,000 dwt and the other vessels up to 10,000 dwt. It was built in 1930 and later repaired and expanded in 1952 and 1974. In 1988, the port handled 1.446 million tons of oil and petrol.

The ports for local ships are Haiphong near Hanoi, Thinai (Qoi Nhon province) and Mui Chut. They can handle smaller vessels of up to 5,000 tons. Five inland river ports are capable of handling export-import cargo vessels of up to 300 tons.

Storage space is extremely limited with only 900,000 cubic metres of oil tanks for the entire industry. Those over 100 cubic metres amount to a combined 794,000 cubic metres. Actual utilisation is about 842,000 cubic metres, of which 208,000 is for reserves and 634,000 for circulation. Most of these tanks are over 20 years old and some are over 40.

Growth in supply of storage tanks has been growing at two-thirds of handling requirement rate of increase. From 1991 to 1995 this requirement will rise from three million to 4.2 million tons. Thanh Tuy Ha refinery will come onstream in this period. The co-efficient for storing capacity is very low at 0.23 cubic metres per ton compared with 0.4-0.5 cubic metres per ton in the USSR.

Northern Vietnam has about 450 kms of oil pipelines. The main system connects B-12 port with the Thuy Nguyen, Hai Duong and Duc Gian fields. This pipeline can only carry petrol and kerosene. B-12 may be transformed so that a rail link can be installed to carry TC-1 and F.O. oil products from Quang Ninh field. Waterways account for 74 percent of local transportation of oil and petrol. Roads account for 13 percent, pipelines 11 percent and rail 2 percent.

Another 69 kms of 159mm diameter pipeline needs to be installed to support B-12 and 24 kms of 400mm pipe. In order to meet the port's handling requirements by 2000 of 1.6 million tons per year and up to 35,000 dwt per vessel, another port will have to be built. B-12's storage requirements will be 46,000 cubic metres.

Two 40-km long, 300mm diameter pipelines and a 20-km 300mm diameter pipeline will be built to transport light and heavy oil from Thanh Tuy Ha refinery. A 20-km 108mm diameter pipeline carrying gas will also link the refinery to Nha Bhe storehouse. Nha Bhe's storing capacity for heavy oil needs to be increased by 60,000 cubic metres. Its light oil and gas storage capacities need increases of 30,000 and 3,000 cubic metres respectively. Another 62,000 cubic metres of storage is required for other projects.

Thanh Tuy Ha in the northern half of the country will become Vietnam's first major oil refinery when it comes onstream in 1995 (a small refinery operates near Ho Chi Minh City). It will have a production capacity of three million tons per year, of which 1.695 million will be fuel oil, 680,000 diesel oil, 360,000 A76 petrol, 150,000 kerosene, 20,000 AI-93 petrol, 5,000 solvent petrol and 36,000 liquid gas.

Another refinery of equal capacity is planned, possibly in northern Vietnam.

Until these refineries are in operation, all oil exports will be carried out directly from source in crude form.

Oil distribution declined steadily from 2.12 million tons in 1976 to 1.5 million tons by 1981. From 1982 on it rose to reach 2.93 million last year. Imports of refined oil averaged 1.9 million tons from 1976 to 1980 and rose to 2.9 million tons last year, after rising since 1986. Diesel imports accounted for 44 percent of the total, heavy black oil about 23 percent and petrol 17 percent.

From placing a troublesome import burden upon Vietnam's resources, oil now presents an opportunity for generating export revenue and perhaps more importantly, attracting foreign investment to the country. While foreign companies have expressed interest in Vietnam for a wide range of reasons, the oil industry is the first, and so far biggest, form of foreign investment in Vietnam since its unification.

Australia

'Private Efforts' To Free Gulf Hostages Noted

BK2610085590 Melbourne Overseas Service in English 0500 GMT 26 Oct 90

[Text] The Department of Foreign Affairs had confirmed reports of several private efforts to secure the release of at least 30 Australian hostages being held in Iraq and Kuwait. However, the head of the department's Middle East bureau, Mr. Rick Smith, said people making the efforts had requested that no details be released.

Mr. Smith was in Baghdad last week to discuss the Australian hostages with Iraqi authorities.

Meanwhile, the leader of the federal opposition, Dr. John Hewson, had said he supports a noncommunical emmisary in any attempt to free the hostages subject to certain conditions. He said these would include an understanding that no bargaining would take place for their release.

Aborigines Boycott Mandela's Visit to Melbourne

MB2510122890 Johannesburg Domestic Service in English 1100 GMT 25 Oct 90

[Text] Aboriginal leaders boycotted the visit by the deputy president of the ANC [African National Congress], Mr. Nelson Mandela, to Melbourne today, because Mr. Mandela has remained silent during his Australian tour about the plight of aborigines.

On the third of his four-day Australian visit today, Mr. Mandela addressed a crowd of about 10,000 people on the steps of the Opera House.

The chairman of the Aborigines' Advancement League, Marjorie Thorpe, said Aborigines had boycotted Mr. Mandela's speech because they would have liked him to have made some statement about Australian Aborigines. She said Mr. Mandela had really disappointed many people in Melbourne.

New Zealand

PLO Claims on Hostages 'Tragic Falsehood'

BK2610015690 Hong Kong AFP in English 0114 GMT 26 Oct 90

[Text] Wellington, Oct 25 [as received] (AFP)—Palestine Liberation Organisation (PLO) claims it had arranged for the release of New Zealand hostages in Iraq were described Friday by Prime Minister Mike Moore as "a cruel and tragic falsehood."

PLO Canberra Representative Ali Kazak said Thursday that it had successfully intervened with Iraq to arrange the imminent release of several New Zealanders.

But Mr. Moore says the PLO's statement was a cruel jibe. "This is the first I have heard of it. I can tell you it is just not true. It is a cruel and tragic falsehood," said Mr. Moore.

Mr. Moore said the PLO comments would only hurt New Zealand families with relatives trapped in the gulf conflict.

Last month Mr. Kazak was here offering to mediate with Baghdad on New Zealand's behalf, an offer Mr. Moore rejected at the time.

Papua New Guinea

Government Confirms Soldier Killed on Buka

BK2610062890 Hong Kong AFP in English 1917 GMT 25 Oct 90

[Text] Port Moresby, Oct 25 (AFP)—The Papua New Guinea Government confirmed Thursday that a defence force soldier was killed on Buka Island off Bougainville.

Defense Force Commander Brigadier-General Rochus Lokinap said Private Andrew Torima, 23, from East New Britain had been killed but refused to give details of how he died. Military sources said he was shot by Bougainville rebels on Wednesday and died while being taken to Rabaul.

Pte Torima was the first army soldier to be killed since a series of clashes between government security forces and militants four weeks ago resulted in the death—according to government numbers—of about 20 rebels and one soldier.

Defence Minister Benais Sabumei rejected Bougainville Revolutionary Army (BRA) claims that 32 soldiers were killed in these clashes. The minister denied claims that security forces had destroyed villages and that the media would be banned from reporting events on the island. "I will shortly be taking a group of journalists from Papua New Guinea to Buka to see for themselves what developments are happening," he said.

More than 300 Papua New Guinea troops are on Buka, off the northern tip of Bougainville, after regaining control of the small island from the BRA last month. The BRA waged a 16-month secessionist war on Bougainville which cost more than 80 lives before Port Moresby's security forces withdrew in March.

Buka community leaders recently disowned the BRA and distanced themselves from its May 17 declaration of independence and signed an agreement with the national government for the restoration of services.

Port Moresby imposed a blockade on BRA-controlled territory after the declaration of independence.

Bougainville, which is separated from Buka by a 500-metre (yard) stretch of water, remains in BRA control.